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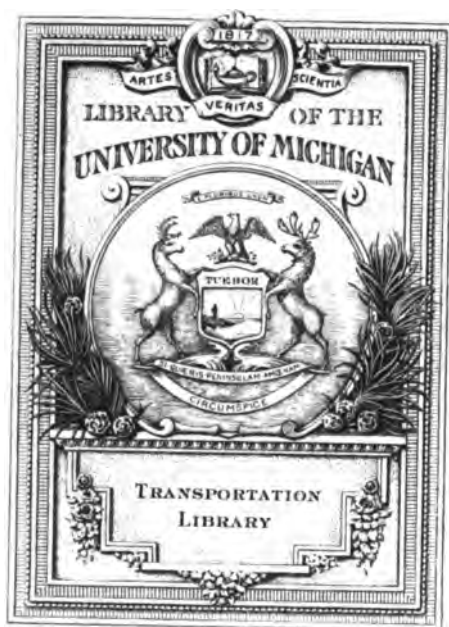
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INTERSTATE COMMERCE COMMISSION REPORTS

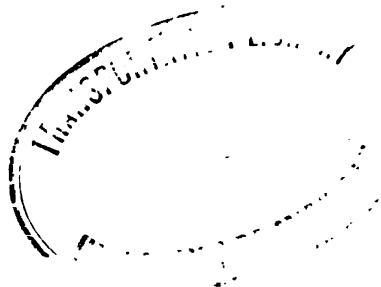
VOLUME 65

DECISIONS OF THE
INTERSTATE COMMERCE COMMISSION
OF THE UNITED STATES

(FINANCE REPORTS)

MAY, 1920, TO JANUARY, 1921

REPORTED BY THE COMMISSION



WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

INTERSTATE COMMERCE COMMISSION.

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ROBERT W. WOOLLEY.
JOSEPH B. EASTMAN.
HENRY J. FORD.
MARK W. POTTER.

.....

GEORGE B. MCGINTY, *Secretary.*

Commissioner WOOLLEY's term expired December 31, 1920.

¹ Vacancy.

transport.

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INTERSTATE COMMERCE COMMISSION REPORTS.

FINANCE DOCKET No. 929.

IN THE MATTER OF THE APPLICATION OF THE BOSTON
& MAINE RAILROAD FOR A LOAN FROM THE UNITED
STATES TO MEET MATURING INDEBTEDNESS.

Submitted May 19, 1920. Decided May 21, 1920.

Application granted in part and loan of \$5,000,000 approved.

J. H. Hustis for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Boston & Maine Railroad, a carrier by railroad subject to the interstate commerce act, has made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920.

In its application, the carrier sets forth:

1. That the amount of the loan desired is \$8,843,000.
2. That the term for which the loan is desired is five years from the making thereof.
3. That the purpose of the loan and the use to which it is to be applied are as follows:

Under a consolidation and reorganization which was consummated on December 1, 1919, the Fitchburg Railroad Company, the Boston & Lowell Railroad Corporation, the Connecticut River Railroad Company, the Concord & Montreal Railroad, the Lowell & Andover Railroad Company, the Manchester & Lawrence Railroad, and the Kennebunk & Kennebunkport Railroad were consolidated with the Boston & Maine Railroad, and the outstanding bonds of these companies became, to all intents and purposes, the bonds of the Boston & Maine Railroad, and during the current year bonds or notes of the Concord & Montreal Railroad, the Fitchburg Railroad Company, and the Boston & Lowell Railroad Corporation mature upon the following dates and in the following amounts:

Maturity.	Security.	Interest (per cent).	Amount.
June 1, 1920.....	Concord & Montreal Railroad bonds.....	4	\$5,500,000
June 1, 1920.....	Concord & Montreal Railroad bonds.....	4	650,000
June 1, 1920.....	Concord & Montreal Railroad bonds.....	3½	400,000
June 1, 1920.....	Concord & Montreal Railroad bonds.....	2½	473,000
June 1, 1920.....	Concord & Montreal Railroad bonds.....	5	200,000
June 1, 1920.....	Fitchburg Railroad bonds.....	4	500,000
July 1, 1920.....	Boston & Lowell Railroad notes.....	6	620,000
Oct. 1, 1920.....	Fitchburg Railroad bonds.....	6½	
		3½	500,000
Total.....	.....		8,843,000

The loan is for the purpose of paying these obligations as they fall due.

4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.

5. That the character and value of the security offered are bonds secured by a general mortgage upon all of applicant's property and franchises subject to prior mortgages upon portions of said property amounting to \$8,338,000, this security being the same security upon which the bonds already accepted by the government to the amount of \$27,879,000 depend.

6. That the public convenience and necessity will be served by the use of this loan for the purpose of refunding maturities in the amount of \$8,843,000, as detailed above, in the following circumstances:

To the extent of \$5,500,000, due June 1, 1920, the amount falling due is secured by a first mortgage which is ahead of the general mortgage on approximately 200 miles of main line of its railroad. Aside from the possible serious effect of foreclosure proceedings covering 200 miles of an essential part of the system, the failure to meet these obligations might result in a receivership. Regardless of the soundness of the present financial structure of the Boston & Maine or of its prospective earning power under reasonable rates, such a proceeding would have the inevitable effect of postponing for several years the restoration of the credit of the system. The physical property of the Boston & Maine is now inadequate to meet the demands upon it, but even if the property were entirely adequate at the present time it is well recognized that the efficiency of a system cannot be maintained without putting a substantial amount of new capital into it annually. The indefinite postponement of restoration of credit which would follow failure to meet these maturing obligations would make it practically impossible to obtain any new capital for some time to come, and for this reason the respondent would be unable to give adequate service to the public.

The application sets forth such further facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry and required to be shown in the application.

The Commission on May 19, 1920, afforded the applicant, through its executive, legal, financial, and statistical representatives, an informal hearing with respect to its application.

The mileage owned and operated, as shown in the following table, includes 46.80 miles of electric railway and 2.74 miles of sidings thereof:

Line owned.....	1,751.39 miles.
Line operated:	
First main track.....	2,304.65 miles.
Other main tracks.....	609.68 miles.
Yard track and sidings.....	1,386.29 miles.
Total track operated.....	4,300.62 miles.

The principal lines and termini of the road operated are Boston, Mass., to Portland, Me. (eastern route); Boston, Mass., to Portland, Me. (western route); Jewett, Me., to Intervale, N. H.; North Cambridge, Mass., to Northampton, Mass.; Worcester, Mass., to Portland, Me.; Boston, Mass., to Rotterdam and Troy, N. Y.; South Ashburnham, Mass., to Bellows Falls, Vt.; Boston, Mass., to Woodsville and Groveton, N. H.; Springfield, Mass., to Brattleboro, Vt.; Concord, N. H., to White River Junction, Vt.; Concord, N. H., to Claremont Junction, N. H.; and White River Junction, Vt., to Canada Line and to Sherbrooke, Quebec.

The character of the traffic handled by the Boston & Maine is indicated by the following analysis of its rail-line transportation revenues for the year 1919.

Freight revenue.....	\$43,303,090.84	61.3 per cent.
Passenger revenue.....	21,798,847.01	30.8 per cent.
Mail revenue.....	506,405.25	.7 per cent.
Express revenue.....	2,870,930.01	4 per cent.
Milk revenue.....	1,255,635.01	1.8 per cent.
Switching revenue.....	646,784.86	.9 per cent.
All other revenue.....	322,121.12	.5 per cent.
Total.....	70,703,814.10	100 per cent.

The character of its freight traffic is indicated by an analysis of tonnage for the year 1919.

Products of agriculture.....	3,413,229 tons.	12.9 per cent.
Products of animals.....	1,359,133 tons.	5.1 per cent.
Products of mines.....	6,629,221 tons.	25 per cent.
Products of forests.....	3,857,228 tons.	14.6 per cent.
Manufactures.....	5,775,845 tons.	21.7 per cent.
Miscellaneous (carload).....	3,229,517 tons.	12.2 per cent.
Miscellaneous (less than carload).....	2,251,720 tons.	8.5 per cent.
Total.....	26,515,893 tons.	100 per cent.

For the years ended June 30, 1910 to 1916, inclusive, and for the years ended December 31, 1916 and 1917, the amounts of net income or deficits, after deducting fixed charges, were as follows, the difference 65 I. C. C.

between the figures for 1911, 1912, and 1913 and those stated in the application being due to correction authorizing charge to unextinguished premium on outstanding funded debt:

Year ending June 30, 1910.....	\$2,850,621.70 net income.
Year ending June 30, 1911.....	379,713.99 net income.
Year ending June 30, 1912.....	1,313,973.20 net income.
Year ending June 30, 1913.....	145,009.73 net income.
Year ending June 30, 1914.....	1,970,903.41 deficit.
Year ending June 30, 1915.....	256,656.57 deficit.
Year ending June 30, 1916.....	4,147,695.22 net income.
Year ending Dec. 31, 1916.....	4,876,928.17 net income.
Year ending Dec. 31, 1917.....	334,276.66 deficit.

It should be noted that in the reorganization which was consummated on December 1, 1919, nearly \$40,000,000 of guaranteed stock of leased lines was converted into preferred stock of the Boston & Maine, thus greatly reducing the total of its fixed charges.

For the year ended December 31, 1918, there was a net income, including estimated standard return and after deducting fixed charges, of \$257,900.19, and for the year ended December 31, 1919, there was a net income, including standard return of \$9,382,527.01, with adjustment of \$118,121.86 on account of 1918 being over-estimated, of \$2,657,522.62.

The combined federal and corporate income accounts for the years ended December 31, 1918 and 1919, and for the months of January and February, 1920, show the following results, deficits being indicated by italic:

	Year ended Dec. 31, 1918.	Year ended Dec. 31, 1919.	January, 1920.	February, 1920.
Gross income.....	\$3,949,625.15	\$3,550,043.73	\$346,341.69	\$2,075,062.63
Total deductions from gross income.....	9,950,329.19	6,605,059.40	792,853.27	748,975.54
Net deficit in income.....	6,000,704.04	3,055,015.67	446,511.58	2,324,044.19
Income applied to sinking and other reserve funds.....	87,329.57	96,558.94	.....	.....
Dividend appropriations of income.....	.....	2,035,716.17	.....	.....
Total appropriations of income.....	.....	2,132,275.11	97,422.96	74,183.49
Income balance transferred to profit and loss (deficit).....	6,088,033.61	5,187,290.78	643,939.54	2,398,227.61

Because of the abnormal conditions which prevailed during federal control, the results of that period can not be accepted as criteria in the present inquiry. The general balance sheet as of February 29, 1920, shows:

Investment in road and equipment.....	\$192,586,859.05
Improvements on leased railway property.....	5,097,503.56
Total investments.....	207,264,004.14
Capital stock.....	85,644,391.84
Long-term debt.....	108,748,122.84

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By the terms of the consolidated mortgage of December 1, 1919, the authorized total issue of bonds under that indenture at any one time outstanding, including bonds at that time reserved for refunding certain underlying bonds (under the provisions of section 5 of article 4 of the indenture), is limited to a principal amount which, when added to the aggregate principal amount of all the preexisting bonds secured by the mortgage and then outstanding, shall not exceed twice the aggregate par value of the capital stock of the railroad at the time paid in and outstanding; but bonds issued thereunder and held by the corporate trustee for the purpose of being exchanged for other than outstanding bonds secured by the indenture, and bonds secured thereby for the payment or retirement of which cash to the full amount due thereon has been deposited with and at that time is held by the corporate trustee, shall not be taken into account in applying this limitation; but when bonds have been duly issued under the indenture and are outstanding, neither the bonds nor the lien or security thereof shall be in anywise affected or impaired by any reduction in the amount of the outstanding capital stock. The bonds of the Concord & Montreal Railroad maturing June 1, 1920, in the amount of \$5,500,000, as above set forth are not secured by the said consolidated mortgage of December 1, 1919, but by the provisions of section 5 of article 4 of the indenture, bonds to the principal amount of \$8,338,000 "are reserved to be issued from time to time for the purpose of purchasing, paying, retiring, or refunding, at or after maturity" certain underlying bonds aggregating the amount last stated and including the \$5,500,000 of bonds of the Concord & Montreal Railroad referred to. The said Concord & Montreal Railroad bonds are secured by a mortgage which itself constitutes a first lien on about 200 miles of road. The security for these Concord & Montreal Railroad bonds is rated as very high. The general-mortgage bonds of the company which it offers are not as desirable, dollar for dollar, as security for the loan as the Concord & Montreal first-mortgage 4 per cent bonds, the payment of which constitutes the principal purpose of the loan. The mortgage of December 1, 1919, provides as a particular covenant of the railroad, in section 4 of article 7, that the railroad will pay when due the principal of all outstanding bonds not held by the corporate trustee pursuant to the provisions of section 5 of article 4 which are or may be secured by a lien prior to the lien of the indenture of December 1, 1919, upon any property subject thereto, with the proceeds of bonds issued under said indenture or otherwise. If such outstanding underlying bonds are paid with the proceeds of bonds reserved under said section 5 of article 4, then by the provisions of said section the underlying bonds received by the corporate trustee shall be held by it, without extin-

guishment or impairment of the obligation thereon or of the mortgage or other lien securing such underlying bonds, as additional security under the indenture and upon the trusts therein declared.

The bonds issued under the indenture of December 1, 1919, and now outstanding are all held by the United States as a result of operations and advances arising out of federal control, and it is to the interest of the government to dispose of the bonds and mortgage of the Concord & Montreal Railroad as contemplated in the general mortgage of December 1, 1919; first, because of the additional security thus afforded for the bonds now held by the United States, and, secondly, because such disposition will increase the security and salability of bonds under the general mortgage of December 1, 1919, to be sold to the public and should go far toward the rehabilitation of the credit and financial ability of the applicant which it is the purpose of the present loan to advance. And the Commission finds that the prospective earning power of the applicant and the character and value of the bonds offered as security are such as to furnish reasonable assurance of the applicant's ability to repay the loan of \$5,000,000 which is recommended, within the time fixed therefor, which is two years, and to meet its other obligations in connection with such loan.

Upon a consideration of the physical, income, and capitalization factors affecting the application and of all the pertinent facts and circumstances relating to the same, and especially in view of the large loans heretofore made by the government to this and other New England lines, the Commission finds that the transportation needs of the public do not require the extension of aid by the United States to the full amount of the loan sought, but that a considerable amount of the money necessary to meet the maturities in question should be raised by the Boston & Maine Railroad by the issue and disposition at not less than par of its 6 per cent bonds with term of not less than 10 years under the indenture of December 1, 1919, or that the maturing obligations should be converted into such bonds at par. The Commission finds, however, that because of the proximity of the maturity of the greater part of the underlying securities referred to, the making of a loan of \$5,000,000 for two years is necessary to enable the applicant properly to meet the transportation needs of the public, and so recommends.

An appropriate certificate will be issued.

Certificate No. 1 for a Loan under Section 210 of the Transportation Act, 1920.

The Interstate Commerce Commission accordingly certifies to the Secretary of the Treasury:

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1. Its findings of fact: (a) That the making of a loan of \$5,000,000 to the Boston & Maine Railroad under section 210 of the transportation act, 1920, is necessary to enable said Boston & Maine Railroad properly to meet the transportation needs of the public; (b) that the prospective earning power of said Boston & Maine Railroad and the value of the security offered by it are such as to furnish reasonable assurance of its ability to repay the loan within the time fixed therefor, which is two years, and to meet its other obligations in connection with such loan.

2. And its recommendations: (a) That the loan be made in the amount of \$5,000,000; (b) that the time from the making thereof within which the loan is to be repaid be two years. (c) That the character of the security which is to be offered therefor be the two-year 6 per cent bonds, at par, of the Boston & Maine Railroad, issued under its trust indenture of December 1, 1919; and (d) that as a condition of the loan the Boston & Maine Railroad be required to finance the remainder, \$3,843,000, of its 1920 maturities, amounting in total to \$8,843,000, by the issue of bonds under said indenture of December 1, 1919, bearing not more than 6 per cent interest, with term of not less than 10 years, and to be sold or exchanged at not less than par.

Done at Washington, D. C., this 21st day of May, 1920.

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FINANCE DOCKET No. 1016.

IN THE MATTER OF THE APPLICATION OF THE SALT LAKE & UTAH RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS, AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted May 20, 1920. Decided May 24, 1920.

Application granted in part and loan of \$64,600 approved.

W. C. Orem and Ross Beason for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Salt Lake & Utah Railroad Company, a carrier by railroad subject to the interstate commerce act, has made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920.

In said application the carrier sets forth:

1. That the amount of the loan desired is \$300,000.
2. That the term for which it is desired is five years with option to the applicant of paying all or part of the loan prior to maturity.
3. That the purpose for which the loan is desired is to purchase new equipment and motive power, to make additions and betterments, and to pay part of the floating debt.

In support of its present and prospective ability to repay the loan and meet the requirements of its obligations in this regard, the applicant has filed statements of its physical situation, income accounts, and capitalization, and states that the public convenience and necessity will be served by the loan, by enabling it properly to handle the sugar-beet crop and other local traffic along its lines, which without the new equipment asked for it will be unable to handle; also that if the loan is granted the applicant will be able properly to handle its interchange business.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan

applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry. The application was supplemented by a brief on behalf of the company filed by its traffic manager, and by his affidavit respecting certain inquiries as to which the Commission directed further investigation.

It appears that the Salt Lake & Utah Railroad Company when first put in operation in 1914 did largely a passenger business, but that its freight business has been and is of growing importance. Its traffic manager states that the road was constructed for a freight line, and that while the freight business and passenger business are now of about equal importance, the freight business will eventually be the greater.

The company operates 75.75 miles of line, of which 75.14 miles are owned and 0.61 mile leased. The total mileage of track operated is 92.94 miles.

The main line of the company extends from Salt Lake City, Utah, to Payson, Utah, and there is a branch line commencing 5.8 miles south of Salt Lake City and extending to Magna, Utah.

A comparison of the road's mileage and cost of road and equipment accounts, with its capitalization, shows that its book investment is nearly \$100,000 per mile of line owned. This seems somewhat high, but is explained as due to the ownership of valuable terminal properties in Salt Lake City. It appears, however, from investigation made in this respect, that the principal part of the terminal property in Salt Lake City is owned by the Salt Lake Terminal Company, the stock of which is owned jointly by the applicant and the Bamberger Electric Railway Company.

The application shows that the Interurban Construction Company owns 90 per cent of the common stock and all of the preferred stock of the Salt Lake & Utah Railroad Company. It does not appear at what rate the construction company took the stock. The traffic manager explains that the construction company was formed and built the road in order to properly capitalize and take care of interest during construction.

The company's balance sheet as of March 31, 1920, submitted with its application, shows:

Capital stock, common	\$3, 000, 000
Capital stock, preferred outstanding	2, 025, 400
Total stock	5, 025, 400
Bonds outstanding	1, 350, 100
Notes outstanding	472, 400
Total bonds and notes	1, 822, 500

The bonds outstanding represent a total book liability, as per balance sheet, of \$9,980,000, of which the amount of \$8,629,900 is
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shown as held by the carrier, leaving the amount of \$1,350,100 outstanding as indicated. This entry on the balance sheet seems to be in error and is explained as representing an effort to enter on the balance sheet the total amount of bonds authorized under the trust indenture by which the bonds are secured. This trust indenture of April 1, 1914, with the Continental & Commercial Trust & Savings Bank, as trustee, shows that the aggregate principal amount of all the bonds which may be issued and outstanding under the indenture shall not exceed \$10,000,000. The difference of \$20,000 between the book liability shown on the balance sheet and the amount authorized in the trust indenture is explained as sinking-fund retirements. These sinking-fund retirements are provided for by section 2 of article III of the trust indenture.

The amount entered as receiver's certificates on the copy of balance sheet filed with the application, \$472,400, represents in fact notes of the company secured by an indenture of August 1, 1918, entered into with the Northern Trust Company, as trustee.

In view of the relatively large proportion of the capital stock as compared with the total capitalization, it appears that regardless of the apparently high figures for road and equipment per mile, and regardless of the ownership of 90 per cent of the common stock and all of the preferred stock by the construction company, the security of the bonds offered as collateral for the present loan is good. The bonds are not listed on any exchange, but, as will be noted by schedule F of the verified application, are quoted by bankers to the public at \$95 per \$100 of par value. The salability of these bonds under normal conditions can not be determined upon the basis of available information, but the applicant's representative states that up to 1916 they sold at par or above. Under present financial conditions there is no sale for the bonds, but there seems to be no reason why the bonds should not be high in both security and salability when normal conditions are restored. The income accounts submitted by the applicant indicate an ability to pay, with considerable margin, the interest on the obligation proposed.

The Commission therefore finds that the prospective earning power of the applicant and the character and value of the security offered are such as to afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan. The Commission is of opinion that the time fixed for the loan should be two years and that the security offered, in addition to the two-year notes of the company, should be the pledge of the company's first-mortgage bonds at the ratio of $1\frac{1}{2}$ to 1.

In view of the limited appropriation and the general necessities of the carriers of the country, the Commission is of the opinion that an advance by the United States toward the payment of the floating debt is not necessary to enable the applicant properly to meet the transportation needs of the public, and the Commission is not convinced that the expenditures proposed for additional yard tracks and sidings or for shops are of such nature, when considered in connection with the general transportation needs of the country, as to justify a loan for those purposes. The Commission is, however, of the opinion that a loan of \$64,600 to enable the applicant to meet the first payment of \$57,988 and discount of \$6,626.40 on equipment notes for equipment amounting to \$271,540 is necessary.

An appropriate certificate will issue.

Certificate No. 2 for a Loan under Section 210 of the Transportation Act, 1920.

The Interstate Commerce Commission accordingly certifies to the Secretary of the Treasury:

1. Its findings of fact: (a) That the making of a loan of \$64,600 by the United States to the Salt Lake & Utah Railroad Company is necessary to enable the applicant properly to meet the transportation needs of the public; and (b) that the prospective earning power of the said Salt Lake & Utah Railroad Company and the character and value of the security offered by it are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, which is two years, and to meet its other obligations in connection with such loan.

2. And its recommendations: (a) That the loan be made in the amount of \$64,600; (b) that the time from the making thereof within which the loan is to be repaid be two years; (c) that the character of the security which is to be offered be the notes of the Salt Lake & Utah Railroad Company further secured by the deposit as collateral of the first-mortgage bonds of the Salt Lake & Utah Railroad Company issued under the trust indenture of April 1, 1914, Continental & Commercial Trust & Savings Bank, trustee, at the ratio of 1½ to 1; and (d) that the terms and conditions of the loan be fixed by the Secretary of the Treasury in accordance with the foregoing certified recommendations.

Done at Washington, D. C., this 24th day of May, 1920.

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FINANCE DOCKET No. 2.

ANNOUNCEMENT OF PRINCIPLES TO BE OBSERVED IN
RECOMMENDING LOANS FROM THE REVOLVING FUND.

June 2, 1920.

TO ALL CONCERNED:

The Commission having on May 29, 1920, afforded opportunity to all who wished to be heard in regard to the general principles which should control its action in recommending to the Secretary of the Treasury loans from the revolving fund of \$300,000,000 created by section 210 of the transportation act, 1920, makes the following announcement:

EQUIPMENT.

It is essential that a substantial portion of the fund be put to work at once to aid in acquiring new equipment. The appropriation for this purpose will be fixed for the present at \$125,000,000, to be distributed substantially as follows: To aid in acquisition of freight cars, \$75,000,000; to aid in acquisition of locomotives, \$50,000,000.

Cars.—Since freight cars are interchanged and enter into general use, subserving the general transportation needs of the public regardless of ownership, the Commission will endeavor to apportion the \$75,000,000 in such manner as will bring about the acquisition of the largest number of cars. The National Association of Owners of Railroad Securities has urged the organization for this purpose of a national equipment corporation. There are strong considerations in favor of such a project, and, by a recent amendment to section 210, Congress has authorized loans from the revolving fund to such a corporation.

The Commission can not undertake the formation of an equipment corporation or corporations, but upon presentation of a definite, well-matured, and workable plan capable of application in the immediate future, it will give preferred consideration to applications for loans to or for the purpose of such a corporation. The Commission believes that it is both desirable and practicable to devise such a plan in the case of refrigerator equipment, and particularly commends this matter to the attention of the railroad executives.

The \$75,000,000 apportioned for freight cars will be used primarily to aid in the acquisition of 20,000 refrigerator cars. The allotment for refrigerator cars will be made first to those carriers or companies

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which offer the largest proportional contributions to meet the advances of the government, and will be continued in the order of proportions of carrier contributions until the total of 20,000 refrigerator cars is provided for or the applications are exhausted. Other things being equal, preference will be given to loans to or for the purpose of equipment corporations supplying the needs of a number of lines.

After providing allotments for refrigerator cars, allotments for other freight cars will be made in a similar manner and with similar preferences. Where carriers, however, offer, free of prior liens, running gear, parts of cars, or types of cars which by construction, reconstruction, or reenforcement may be converted into modern and efficient equipment at an earlier date than is possible by new construction, preference will be given to carriers making such offer over others tendering the same or substantially the same proportional contributions to meet the loans.

Locomotives.—The \$50,000,000 for locomotives will be used first to aid in acquiring freight and switching locomotives and will not be employed for passenger locomotives until and unless applications for freight and switching locomotives are met. It will be the rule to require applicants themselves to contribute at least 50 per cent of the cost of the locomotives. Other things being equal, preference will be given to applications for loans to or for the purpose of equipment corporations.

If the demand should be in excess of the allotment, with the possible exception of equipment corporations, applications for less than 25 locomotives will first be filled, 25 locomotives will be applied in order to the remaining applications beginning with the lowest, and the remainder will be used to complete the applications so far as possible in order beginning with the lowest. This will be done for the purpose of securing distribution of locomotives throughout the country.

Applications for loans to or for equipment corporations sought in whole or in part to meet motive-power needs of short lines will be considered in this connection.

The Commission will give consideration to the applications of any carriers unable to finance as much as 50 per cent of the cost of freight or switching locomotives, and for good cause shown will advance the necessary amounts before recommending loans for the acquisition of passenger locomotives.

ADDITIONS AND BETTERMENTS.

The appropriation for loans to aid in additions and betterments which will promote the movement of cars will be fixed for the present at \$73,000,000.

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Loans for this purpose will not be recommended except upon satisfactory evidence that the additions and betterments will relieve congestion or otherwise enable existing equipment to do more work. The Association of Railway Executives has stated to the Commission that its committee proposes to examine the applications of the various companies and recommend for favorable consideration the most pressing of such additions and betterments. The Commission will expect such recommendations reflecting the best judgment of the executives in the interest of the entire country, and will be guided in its action by an endeavor to so use the fund that the best net results may be secured in the movement of freight.

No loans for this purpose will be recommended without satisfactory assurance that the government funds will be met by such contributions from the carriers as it is within their power to furnish.

MATURITIES.

The appropriation for this purpose will for the present be fixed at \$50,000,000.

The Commission will deal separately with companies seeking loans to meet maturities, with due regard to the principles announced in the following quotation from a report of the committee of the Association of Railway Executives:

In the judgment of your committee, every effort should be made by extension or refunding whenever possible, to take care of all 1920 maturities, and to avoid calling upon the revolving fund except in extreme cases to protect the solvency of companies.

It will be the policy of the Commission not to recommend loans in cases where applicants have not clearly exhausted every effort to take care of maturities by extension, by refunding, and by every other means; and all applications for loans to meet maturities should set forth as definitely as possible by whom and in what amounts the maturing obligations are held and what steps have been taken to extend, refund, or otherwise provide for them. The Commission will emphasize the necessity for self-help in all cases and will expect applicants to assume their fair share of the burden.

SHORT LINES.

The appropriation for loans to short-line railroads will be fixed for the present at \$12,000,000.

The Short Line Railroad Association should submit, in accordance with the foregoing principles, its recommendations, both with respect to member roads and with respect to nonmember lines, for the distribution of this allotment for short-line railroads, tentatively fixed at \$12,000,000.

IN GENERAL.

No loans will be recommended for any purpose except upon evidence that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

The Commission is of the opinion that the contributions of private capital to meet the loans of the government should be obtained at reasonable interest charges. These funds will be invested, not alone for the purpose of securing direct returns but for the purpose of gaining the indirect benefits which will accrue if carriers are enabled better to meet the transportation needs of the country. It should be possible to obtain these contributions in part from the shippers of the country who are suffering from inadequate transportation. A proper spirit of cooperation should make it possible to secure private funds at rates not in excess of the rate which the government itself accepts.

NEW OR AMENDED APPLICATIONS.

Many of the applications which have been filed with the Commission are at variance with the needs which the applicants have indicated to the Association of Railway Executives, and applicants have frequently failed to grasp the two prerequisites which the law affixes to a recommendation for a loan under section 210, to wit: (1) A finding by the Commission that the making in whole or in part of the proposed loan by the government is necessary to enable the applicant properly to meet the transportation needs of the public, and (2) a finding by the Commission that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

Many applications also were filed or withheld while amendments to the transportation act were pending. It is evident that a fair and comprehensive administration of the act requires that all applications be amended or filed in the light of the principles above set forth and of the knowledge now available as to the purposes and limits of the law. Opportunity will therefore be afforded to amend and supplement applications already on file and to file new applications so that all necessary information may be supplied to enable the Commission to pass upon the propriety and expediency of recommending the loans.

Where applications have been filed in accordance with the Commission's order of April 23, 1920, amendments may be made in sum-

mary form, referring to previous application and to this circular, and setting forth the amount of the loan now desired, the term for which it is desired, the purposes of the loan, and the uses to which it will be applied within the principles above announced; the present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard, the character and value of the security offered, and the extent to which the public convenience and necessity will be served. The amendments should be verified and should show authority from the board of directors as provided in original form.

The original amendment or new application should be accompanied by 11 additional copies, and, except in cases of maturities, one additional copy should be forwarded to the Association of Railway Executives, 61 Broadway, New York, where recommendations are to be made by that body, and one additional copy of short-line amendments or new applications should be forwarded to the American Short Line Railroad Association, 706-713 Union Trust Building, Washington, D. C.

Amendments and new applications should particularly show—

1. In case of equipment loans, (a) the kind and number of units and cost per unit and total cost, (b) the contribution to be made by the carrier to meet total cost and how such contribution will be financed, (c) whether it is proposed to employ the loan to secure cars to be placed under control of a refrigerator-car company or other equipment corporation, or to secure cars for individual equipment of the applicant.

2. In case of loans for additions and betterments, (a) why applicant is unable itself to finance the project, (b) what efforts applicant has made to do the work without government aid, (c) how and to what extent proposed additions and betterments will facilitate the movement of cars, (d) the plan and details of cost of the work proposed, and (e) the proportion of total cost which will be financed by the applicant.

3. In case of loans for maturities, (a) what efforts carrier has made to finance the maturities by extension, refunding, or other means, (b) as far as possible by whom and in what amounts the maturing obligations are held and the reasons the holders give for failure or refusal to extend or refund, (c) how much of the burden of financing the maturities applicant proposes to itself assume and how, (d) why applicant's regular bankers have been unable to come to its assistance, (e) whether the aid of other bankers has been solicited or public bids invited, and (f) whether there is on applicant's board of directors any member who is an officer, director, or representative of any bank, bankers, or trust company, stating his name and position.

TIME EXTENDED FOR FILING APPLICATIONS AND AMENDMENTS.

The time for filing applications and amendments for consideration in the first general plan of distribution is extended to June 9, 1920. At the hearing on May 29, 1920, the representatives of the Association of Railway Executives indicated that the association would submit recommendations as to the amounts to be apportioned to the several roads out of the appropriation for each general purpose upon statement by the Commission of rules of apportionment. It is desired that such recommendations be furnished so that the general distribution may commence not later than June 26, 1920. In the meantime, however, the Commission will continue to act upon such individual applications as, in its judgment, require immediate attention.

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FINANCE DOCKET No. 5.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN PACIFIC COMPANY FOR AUTHORITY TO CONTINUE ISSUE OF COMMON CAPITAL STOCK IN EXCHANGE FOR CONVERTIBLE BONDS.

Submitted June 6, 1920. Decided June 12, 1920.

Authority granted as of June 28, 1920, to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of 5 per cent 20-year convertible gold bonds in accordance with the terms of a certain trust indenture dated June 1, 1914.

A. D. McDonald for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Southern Pacific Company has petitioned this Commission for authority under section 20a of the interstate commerce act to continue the issue of its common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of its 5 per cent 20-year convertible gold bonds, in accordance with the terms of the indenture dated June 1, 1914, under which said bonds were issued; and full investigation of the matters and facts therein involved having been had; and it appearing that under the terms of said indenture the entire bond issue thereunder will become due and payable on default of said exchange on demand; and it further appearing that copy of said petition has been filed with the governor of each state in which said carrier operates, as provided in the aforesaid section; and the Commission, after due consideration of all the evidence submitted, being of the opinion that said petition should be allowed:

It is ordered, That the Southern Pacific Company be, and it is hereby, authorized to continue, in accordance with and pursuant to the terms of a certain indenture of date June 1, 1914, between petitioner and the Central Trust Company of New York, a true copy of which is on file in this proceeding, the issue of its common capital stock out of the remaining duly authorized and unissued shares of the 550,000 shares of the aggregate par value of \$55,000,000 reserved

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for the purpose under the aforesaid indenture, in exchange for and against the surrender and cancellation of an equal amount in par value, at the rate of \$100 per share, of its 5 per cent 20-year convertible gold bonds due and payable June 1, 1934, issued under aforesaid indenture, on, or at any time before, June 1, 1924, but not later; or, if before that date, all but not part of said bonds at the time outstanding are called for redemption, then prior to 30 days before the redemption date.

It is further ordered, That all of said common capital stock not issued by midnight of June 1, 1924, as provided in said indenture, shall be issued or otherwise disposed of only on order from this Commission.

And it is further ordered, That this order take effect on the 28th day of June, A. D. 1920, and continue in force until otherwise ordered or amended by this Commission.

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FINANCE DOCKET No. 920.

IN THE MATTER OF THE APPLICATION OF THE ARANSAS
HARBOR TERMINAL RAILWAY FOR A LOAN FROM THE
UNITED STATES.

Submitted June 12, 1920. Decided June 22, 1920.

Application granted in part and loan of \$135,000 approved.

J. D. Wheeler for applicant.*U. S. Pawkett* for San Antonio Freight Bureau and southwest Texas shipping interests.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Aransas Harbor Terminal Railway, a carrier by railroad subject to the interstate commerce act, has made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended.

In said application the carrier sets forth:

1. That the amount of the loan desired is \$398,999.24.
2. That the term of the loan desired is five years, with the option of applying not less than \$100,000 at the end of any year during the loan period.
3. That the purpose of the loan and the use to which it is to be applied are as follows:

To enable the applicant to reconstruct its road between Aransas Pass, Tex., and Port Aransas, Tex., which was so badly damaged by the hurricane of September 14, 1919, as to make it necessary to virtually reconstruct its main line. A summary of the cost of reconstruction is given as follows:

Repairs to existing trestles.....	\$76, 225. 02
Construction of new trestles.....	223, 512. 56
Railroad on embankment at east end of main line including industry tracks and yards on Harbor Island.....	30, 261. 76
Subtotal.....	329, 999. 34
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Contingencies, 15 per cent.....	\$49,499. 90
Engine and crew and floating equipment necessary in this construction work at \$60 per day for 200 days.....	12,000. 00
Engineering.....	2,500. 00
Insurance.....	5,000. 00
Total.....	398,999. 24

4. That the present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard is as shown in the application, and particularly in a printed argument of applicant before the Interstate Commerce Commission, which is, briefly, that the prospect is that the traffic hauled by applicant through the port will rapidly increase, and that annual earnings of \$400,000 are in sight, with \$100,000 additional as soon as coast-wise steamship service is inaugurated between New York and Port Aransas.

5. That the security offered is a first lien on all property of every character whatsoever now owned by the applicant or to be acquired by it during the loan period and until the loan is paid in full with delivery to the United States by the bondholders of all of the first-mortgage bonds which have been issued by the applicant under the laws of Texas and based upon the valuation fixed by the Railroad Commission of Texas, together with waiver on the part of the bondholders of their lien on the property. Such further action will be taken by the applicant, the trustee, and the bondholders as may be deemed necessary by the United States to create in favor of the United States a first lien secured by first mortgage on all property now owned or hereafter to be acquired by the applicant. As to the adequacy of the security, reference is made to the printed argument of applicant mentioned in section 4 above.

6. That the public convenience and necessity will be served by the use of this loan for the purpose of reconstructing applicant's road is emphasized in answer to question 7 of the form of application.

The application sets forth such further facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of applicant to make good the obligation as the Commission deemed pertinent to the inquiry and required to be shown in the application.

A hearing was afforded applicant on May 29, 1920, in connection with the general hearing in *Principles to be Observed in Recommending Loans*, 65 I. C. C., 12, at which arguments were offered in favor of the application by J. D. Wheeler, of Aransas Pass, Tex., applicant's vice president, appearing for the Aransas Harbor Terminal Railway,

and U. S. Pawkett, of San Antonio, Tex., appearing for the San Antonio Freight Bureau and Southwest Texas shipping interests.

The company owns and operates 10.47 miles of first track and 10.62 miles of yard track and sidings, the principal termini being Aransas Pass and Port Aransas.

The character of the traffic handled by the Aransas Harbor Terminal Railway is indicated by the following analysis of its rail-line transportation revenues for the year 1918 (latest available):

Freight revenue.....	\$64,993.27	97.2 per cent.
Passenger revenue.....	1,762.26	2.6 per cent.
Switching revenue.....	128.00	.2 per cent.
Total.....	66,883.53	100 per cent.

The character of its freight traffic is indicated by an analysis of tonnage for the year 1918 (latest available):

Products of mines.....	88,597 tons.	95.3 per cent.
Products of forests.....	1,347 tons.	1.4 per cent.
Manufactures.....	2,739 tons.	3 per cent.
All other freight.....	288 tons.	.3 per cent.
Total.....	92,971 tons.	100 per cent.

The equipment of applicant on December 31, 1919, consisted of two steam locomotives, one flat car, one passenger coach, and one company-service car.

For the years ended June 30, 1913 to 1916, inclusive, and for the years ended December 31, 1916 to 1919, inclusive, the amounts of net income, or net deficit, after deducting fixed charges, were—

Year ended June 30, 1913.....	\$5,394.17 net deficit.
Year ended June 30, 1914.....	27,578.80 net income.
Year ended June 30, 1915.....	10,892.32 net income.
Year ended June 30, 1916.....	7,226.25 net income.
Year ended Dec. 31, 1916.....	15,288.84 net deficit.
Year ended Dec. 31, 1917.....	20,228.80 net deficit.
Year ended Dec. 31, 1918.....	7,608.81 net deficit.
Year ended Dec. 31, 1919.....	29,967.52 net deficit.

For the three months ending on March 31, 1920, the net deficit was \$16,860.94.

The general balance sheet as of March 31, 1920, shows:

Assets:

Investment in road and equipment.....	\$446,666.17
Other assets.....	143,052.79

Liabilities:

Capital stock.....	100,000.00
Funded debt unmatured.....	294,000.00
Loans and bills payable.....	211,164.26
Interest matured unpaid.....	58,060.00
Accrued depreciation on equipment.....	5,220.35
Other liabilities.....	16,632.85
Profit and loss—Debit balance.....	95,378.50

Upon consideration of the original application and of all the evidence adduced in support thereof, it was the judgment of the Commission that, in view of the small amount available out of the revolving fund for such purposes when compared with the transportation needs of the country as a whole, and in accordance with the principle of self-help established by the Commission for the administration of the fund and because of the deficits in operating results shown by applicant and the doubt concerning the engineering possibilities of the project, the full amount of the loan sought ought not to be granted; and that no part of the aid applied for should be extended until and unless the owners and security holders of the applicant, and the people of the sections to be benefited who spoke in applicant's behalf, should exemplify their needs and their faith in the remedies proposed by taking their respective shares of the risk and financial burden. This decision was made known to the representatives of the company and of the shipping interests involved, at the hearing on May 29, 1920, and although those representatives were at that time unable to say what could be accomplished in this regard, leave to amend the application was requested and granted and an amended application has been filed.

In its supplemental application the carrier indicates that if the United States will advance one-half of the amount necessary to reconstruct the line, or \$200,000 out of a total of about \$400,000, the applicant will be able to raise the remainder. In conference with the representatives of the shippers and of the carrier, it has appeared that the plans contemplate equal contributions by the railroad and by the shipping interests. It is the judgment of the Commission that the shipping interests and the owners of the property should severally contribute amounts, respectively, equal to the amount to be contributed by the United States, and it appears from conferences with the representatives of these interests that such arrangements can probably be made. The Commission further finds that if the United States is given a first lien upon all the properties, rights, and franchises of the carrier in preference not only to all existing security holders and indebtedness, but also to the contributions to be made by the carrier and by the shipping interests as is now proposed, the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

The Commission further finds that the making of the proposed loan to the extent of \$135,000 is necessary to enable applicant properly to meet the transportation needs of the public. And it is accordingly ordered that the following certificate be, and the same is hereby, made to the Secretary of the Treasury.

Certificate No. 3 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury:

1. Its findings of fact: (a) That the making of a loan of \$135,000 by the United States to the Aransas Harbor Terminal Railway is necessary to enable the applicant properly to meet the transportation needs of the public; (b) that the expenditures for additions and betterments proposed are more than equal to the loan; (c) that the prospective earning power of the said Aransas Harbor Terminal Railway and the character and value of the security offered by it are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, which is outlined in-paragraph (b) of section 2 following.

2. And its recommendations: (a) That the loan be made in the amount of \$135,000; (b) that the time from the making thereof within which the loan is to be repaid be 15 years, in 12 payments of \$10,000 each, due at the end of the third to the fourteenth years of the term, inclusive, and in 1 payment of \$15,000, due at the end of the fifteenth year of the term, with option to the carrier to repay any installment at any time before due; (c) that the character of the security which is to be offered be the notes of the applicant, bearing interest at the rate of 6 per cent per annum, payable semi-annually to the Secretary of the Treasury, and secured as to principal and interest by (1) a first lien on the railroad and property of every character now owned by applicant or hereafter acquired by it; (2) a first lien on rolling stock, floating equipment, and equipment of every character now owned or hereafter acquired by applicant; (3) a first lien on all rents, issues, profits, and income of or in respect to all property now owned or hereafter acquired by applicant, including income earned, income to be earned, and income to which applicant may either now or hereafter be entitled; (4) a first lien upon all the franchises, rights, and privileges of applicant now held or hereafter acquired; (5) a first lien upon all real and personal property and rights of property now held or hereafter acquired by applicant; (6) the pledge and delivery for further security to the United States by the stockholders and bondholders, by the company, and by the trustees, of all the capital stock, bonds, notes, and other evidences of interest in or indebtedness of the applicant which have been issued or authorized, together with a waiver on the part of the bondholders and trustees in favor of the United States of any lien now existing on any of the property, equipment, income, or franchises of the company, such further action to be taken by the applicant, trustees, and bondholders as may be necessary to create and

protect all of the foregoing liens, rights, and securities in favor of the United States; and (d) that the terms and conditions of the loan be fixed by the Secretary of the Treasury in accordance with the foregoing certified recommendations, and that in the event of default in the due and punctual payment of any installment of interest and principal, provision be made for the right of the United States to enter and hold the premises and collect and receive all tolls, earnings, income, rents, issues, and profits, and, in its discretion, to sell the property and appurtenances and to apply the purchase price to the satisfaction of principal, interest, and costs.

No payment shall be made by the United States on the loan until a total of \$270,000 shall have been subscribed and paid in for the project by the security holders and shipping interests, and the certificate of the deposit of such funds in trust for the project shall be furnished the Secretary of the Treasury of the United States, whereupon the Secretary of the Treasury of the United States shall deposit, or cause to be deposited, with a depository of the United States the sum of \$135,000, subject to the order of the applicant, from time to time, in the amount of one-third of estimates prepared and certified to by the chief engineer of the applicant for labor and materials actually incorporated in the work and for which payment is then due, and accompanied also by a receipt covering the payments of the other two-thirds of each estimate out of the trust funds.

Immediately after the completion of the project a completion report of the project shall be made to the Secretary of the Treasury of the United States and any part of the said \$135,000 then remaining shall be at once applied to the repayment of the loan from the United States.

All estimates shall be subject to check in the manner that seems expedient before acceptance and approval. The liens of the United States shall be, and shall be kept, superior to any liens created in respect of such contributions by others, as well as superior to all other liens and claims, and no repayments shall be made on account of such contributions or on account of any funded debt until the amount of the loan from the United States is liquidated and paid in full.

Done at Washington, D. C., this 22d day of June, 1920.

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FINANCE DOCKET No. 931.

IN THE MATTER OF THE APPLICATION OF THE CAROLINA, CLINCHFIELD & OHIO RAILWAY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING OBLIGATIONS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted June 18, 1920. Decided June 26, 1920.

Application granted in part and a loan of \$2,000,000 approved.

N. S. Meldrum for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

By DIVISION 4:

The Carolina, Clinchfield & Ohio Railway, a carrier by railroad subject to the interstate commerce act, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States to meet maturing indebtedness and for other purposes, in accordance with section 210 of the transportation act, 1920, as amended, and on June 18, 1920, the applicant amended the application.

In said application the carrier sets forth:

1. That the amount of the loan desired was \$5,000,000.
2. That the term for which the loan was desired was five years, and that the applicant desired the loan of the full amount for the full period, but with provision that the loan might be paid off before maturity, in the event of financial conditions favoring the financing thereof through channels other than the United States.
3. That the purpose of the loan and the use to which it would be applied were the payment of short-time notes and acceptances in the amount of \$4,124,000, and the payment of equipment-trust obligations maturing in the years 1920 and 1921, and interest on equipment-trust obligations during those years, amounting in the aggregate to \$2,037,500. Applicant would also be required to make expenditures of \$93,000 for additional equipment during 1920, and additional facilities in the nature of betterments to way and structures requiring during 1920 an estimated expenditure of approximately \$600,000.

4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.

5. That the security offered was \$10,000,000 of consolidated-mortgage bonds of the Carolina, Clinchfield & Ohio Railway, out of a total authorized issue of \$80,000,000, the remaining \$20,000,000 to be reserved to retire as they mature other existing obligations; this mortgage to be submitted in usual form, containing provisions satisfactory to the Interstate Commerce Commission, and to cover all of the property of the applicant.

6. That the public convenience and necessity would be served by the extension of the loan in that applicant had maturing obligations which, if not met, would be the basis of proceedings which would prevent the respondent from operating its railway, and that there was cause to apprehend that funds to pay said obligations could not be obtained on reasonable terms.

The application included statements showing in detail other facts required by the Commission with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry and required to be shown in the application.

On June 18, 1920, the applicant filed its supplemental application, showing:

(a) Efforts which the carrier had made to finance its maturities by extension, refunding, or other means, in respect of which it was set forth that the maturities which applicant must immediately prepare itself to take care of consist of \$2,000,000 of 10-year notes maturing July 1, 1920; \$1,300,000 of Elkhorn extension first-mortgage 5 per cent notes, the payment of which was extended until January 1, 1922, on condition that applicant place them with another holder not later than July 1 1920; and short-time notes and acceptances referred to in the original application, making an aggregate of upward of \$7,000,000. That the notes and acceptances are held by many institutions, and have been placed from time to time to obtain funds with which to retire similar short-time obligations; that the applicant has been continually in touch with financial institutions holding said obligations, and has endeavored to have them carried, and has had them carried down to the present time, but that financial conditions are such at the present time that it is no longer possible, as applicant is advised and believes, to continue to place such short-time obligations.

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(b) That under existing conditions the holders of said maturing obligations are not able and willing to handle and carry these and similar obligations.

(c) That applicant is of the opinion that if funds can be obtained from the United States government, through the Commission, in the amount of \$2,000,000, applicant will, with the aid of its stockholders be able to handle and take care of for a reasonable time, and perhaps permanently, its additional maturing obligations.

And further amplifying its original application applicant showed that the total revenue tonnage carried during the years 1917, 1918, and 1919, respectively, was as follows:

1917 -----	4, 023, 502 tons.
1918 -----	4, 222, 070 tons.
1919 -----	5, 872, 679 tons.

and the tonnage now moving and all other prospects indicate that the continuance of the average increase shown during the years 1917, 1918, and 1919 may be conservatively relied upon.

An informal hearing was afforded the representatives of the applicant, and after hearing and investigation it appears that there is no doubt that the Carolina, Clinchfield & Ohio Railway fills an important transportation need in the territory which it serves. It is an important coal-originating line, supplying the markets of the southeast. The loan is recommended by the Association of Railway Executives, as set forth in a letter dated June 19, 1920, from A. P. Thom, general counsel of that association. The railway, in its amended application, offers to exemplify its expressed belief in the property by itself taking care of obligations amounting to approximately \$5,000,000, provided the United States advances the loan of \$2,000,000 requested. It also appears that the assistance requested of the government is reasonably necessary to enable the applicant to finance its obligations at this time.

The Commission therefore finds that the making of the proposed loan to the extent of \$2,000,000 by the United States is necessary to enable the applicant properly to meet the transportation needs of the public.

At the hearing before the Commission upon its supplemental application, applicant offered, in lieu of the consolidated-mortgage bonds offered in its original application, the extension of \$2,000,000 of 10-year notes, maturing by extension July 1, 1920, as security for a loan of the same amount. These notes are part of the issue known as Carolina, Clinchfield & Ohio 10-year 5 per cent notes, with original maturity of July 1, 1919, extended to July 1, 1920. The total amount of these notes originally issued and provided for in the mortgage dated July 1, 1909, to the Equitable Trust Company of New York,

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trustee, was \$5,000,000, but in July, 1912, \$3,000,000 of these notes were retired in a readjustment of the finances of the Cumberland Corporation, and in September, 1912, the remaining \$2,000,000 were given the privilege of conversion into preferred stock of the railway at par.

By section 8 of article I of the mortgage, dated July 1, 1909, made to secure the 10-year 5 per cent mortgage gold notes of a total authorized issue of \$5,000,000, provision was made for the redemption, in certain circumstances, of all or any of the said notes, at the option of the railway, and it was provided that all notes redeemed should immediately be delivered to and be canceled by the trustee, and no notes should be issued in substitution therefor. But by an agreement dated the 30th day of June, 1919, between the Carolina, Clinchfield & Ohio Railway and Blair & Company, and such persons, firms, and corporations as were then or might become owners of the 10-year 5 per cent mortgage gold notes of the railway, and as might become parties to the agreement in the manner therein provided, Blair & Company agreed to acquire all of the outstanding notes, amounting in the aggregate to \$2,000,000, and to extend the time for payment thereof one year, under the conditions of the extension contract, and Blair & Company further agreed to consent, and did consent, to the issuance of an additional \$3,000,000 of notes under said mortgage, so that the total amount of said notes outstanding at any one time should not exceed \$5,000,000, said notes to be secured by and to be subject to the terms of and to have all the benefits of said mortgage, and to be in the form prescribed therein, except that they should bear interest at the rate of 6 per cent per annum, and should be dated July 1, 1919, and should be due one year after the date thereof. And in said agreement with Blair & Company it was provided that the mortgage securing the said notes as aforesaid should continue and remain a lien securing the payment of the principal and interest of all of said notes, and the principal amount at any one time outstanding to be limited to the principal amount of \$5,000,000 and the lien in priority of the mortgage as security of said notes, and all the conditions and provisions thereof and all the rights and powers of the trustee thereunder, and of any holder or holders of said notes under the same, in case of any default by the maker thereof in the payment of the principal and interest on the notes, or in any other case, should continue and remain unimpaired and unchanged, except as to the time of payment of principal and rate of interest, as provided in said agreement, and it was further provided that in the event said agreement or the certificate of extension annexed to said notes in accordance therewith being considered or being held to in any way impair or prejudice the rights, securities, or privileges of said mortgage or

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said notes, the agreement and the certificates of extension and coupon sheets which should have been attached to said notes should, at the election of the note holder, be and become null and void and of no force and effect. And in said agreement with Blair & Company, the railway covenanted and agreed that the said notes should constitute, and would as extended or issued, constitute valid, legal, and binding negotiable obligations for the payment of which the railway is liable. And that the mortgage securing the same constitutes and should continue to constitute a valid, binding, existing, and subsisting lien, as by said mortgage provided.

The Commission is of the opinion that the \$2,000,000 of said notes, extended as proposed by applicant, will not of themselves constitute the reasonable protection to the United States required by section 210 of the transportation act, 1920, as amended, by section 5 of the sundry civil appropriations act of June 5, 1920, but that if the outstanding amount of said notes is raised to \$5,000,000, as provided in the agreement with Blair & Company, and the entire amount of \$5,000,000 is properly extended and secured under the mortgage of July 1, 1909, the deposit of said \$5,000,000 of notes, properly extended, as collateral for the notes of the railway be given for the loan of \$2,000,000 proposed in the supplemental application, will afford sufficient security. This security and the doing of all things necessary to effect the same are offered by the applicant, and the applicant has made a satisfactory showing of its prospective earning power. And the Commission accordingly finds that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

And, pursuant to said findings, the Commission makes the following certificate to the Secretary of the Treasury.

Certificate No. 4 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings of fact:

(a) That the making of a loan to the extent of \$2,000,000 by the United States to the Carolina, Clinchfield & Ohio Railway is necessary to enable the said Carolina, Clinchfield & Ohio Railway, hereinafter referred to as the applicant, properly to meet the transportation needs of the public.

(b) That the prospective earning power of the applicant, and the character and value of the security offered, are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

And the Interstate Commerce Commission further certifies to the Secretary of the Treasury:

(c) That the amount of the loan which is to be made is \$2,000,000.

(d) That the time from the making thereof within which the loan is to be repaid is 10 years, with the option to the applicant to repay any part of said loan at any time before maturity.

(e) That the terms and conditions of the loan, including the security to be given for repayment, are as follows: (1) The outstanding 10-year 5 per cent mortgage gold notes secured by mortgage dated July 1, 1909, of the Carolina, Clinchfield & Ohio Railway to the Equitable Trust Company of New York, trustee, and extended by agreement of June 30, 1919, between the Carolina, Clinchfield & Ohio Railway and Blair & Company, and the note holders, for one year, with interest at 6 per cent, shall be increased to the full amount originally authorized by said mortgage of July 1, 1909, and by said agreement of June 30, 1919, with Blair & Company and the note holders, to wit, \$5,000,000, and the applicant shall make, and secure the making of, all contracts and the recording of same, and the doing of all things necessary, in the opinion of the Interstate Commerce Commission, to validly increase the outstanding issue of said notes to the full amount of \$5,000,000, to extend the said notes until July 1, 1930, with interest at 6 per cent per annum, to preserve for the benefit of the holders of said notes as extended the full lien of the mortgage dated July 1, 1909, from the Carolina, Clinchfield & Ohio Railway to the Equitable Trust Company of New York, trustee, to secure the 10-year 5 per cent mortgage gold notes of a total authorized issue of \$5,000,000, to make proper record thereof, and to give proper notice thereof to all concerned. (2) Said \$5,000,000 of notes to be properly extended to July 1, 1930, at 6 per cent, and secured by the lien of the said mortgage of July 1, 1909, from the Carolina, Clinchfield & Ohio Railway to the Equitable Trust Company of New York, trustee, are to be deposited with the Secretary of the Treasury as collateral security for obligations in the aggregate principal amount of \$2,000,000 to be entered into by the applicant in such form as may be prescribed by the Secretary of the Treasury, and the loan to the applicant shall bear interest at the rate of 6 per cent per annum, payable semi-annually to the Secretary of the Treasury. (3) The loan shall not be made to the applicant until applicant shall have furnished, in form satisfactory to the Interstate Commerce Commission, evidence of its effective undertaking to finance and meet—

Elkhorn extension first-mortgage 5 per cent notes, the payment of which was extended until January 1, 1922, on condition, as stated in the application, that applicant place them with another holder not later than July 1, 1920-----	\$1,800,000
Short-time notes and acceptances in the amount of-----	4,124,000
Equipment-trust obligations maturing in the years 1920 and 1921, and interest on equipment-trust obligations during these years, amounting in the aggregate to-----	2,087,500
Other obligations now due or maturing in the years 1920 and 1921, amounting in the aggregate, with the obligations in this paragraph previously mentioned, to more than-----	\$7,000,000

by the issue and sale to its shareholders or others of its income debentures in an amount not less than \$5,000,000 (out of an authorized issue of \$6,000,000), bearing not more than 6 per cent interest per annum, and sold at not less than par, the undertaking of the applicant in this regard to be underwritten by Blair & Company, Incorporated, which Blair & Company, Incorporated, shall undertake to dispose of or purchase said debentures at par, and at not exceeding 6 per cent interest per annum, and without other cost to the applicant, as floating indebtedness and other obligations shall mature or become due. Proceeds of said \$5,000,000 of debentures are not to be used for or applied to any other purpose than the payment of the aforesaid obligations due or maturing in the years 1920 and 1921. It is understood and agreed that said \$1,300,000 of Elkhorn extension first-mortgage 5 per cent notes may be paid and placed in the treasury of applicant and when so paid and retired may be reissued in accordance with law, with distinct notice of and in subordination to the lien of the full \$5,000,000 of 10-year 5 per cent mortgage gold notes to be deposited by the applicant as security for the loan applied for, notice to this effect to be indorsed on the notes before their reissue. (4) The applicant to undertake and agree that, with the exception of the obligations now due or maturing in the years 1920 and 1921 above provided for, no payments of any funded debt now existing or hereafter created shall be made by it until the present loan is repaid in full and all obligations in connection therewith are fulfilled, except that maturing car-trust obligations may be met out of net earnings or by the issue of obligations maturing after July 1, 1931, and except that \$6,000,000 of Elkhorn extension first-mortgage 5 per cent bonds may be met out of net earnings or refunded by obligations maturing after July 1, 1931. The undertaking and condition provided in this paragraph to be evidenced by such contract or contracts entered into by applicant, either as part of a collateral-trust agreement or separately, as may, in the opinion of the Interstate Commerce Commission, be sufficient. (5) The term of the above-mentioned debentures to be not less than 15 years, and it to be

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distinctly provided that no part of the principal of said debentures shall be paid until the loan made by the United States is repaid in full and all obligations in connection therewith are fulfilled, and no part of the interest on said debentures is to be repaid while any interest due on the loan from the United States remains unpaid, provided, however, that such debentures may be retired or converted by the issue of applicant's capital stock.

(f) That the prospective earning power of the applicant, together with the character and value of the security offered and required, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

(g) That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done at Washington, D. C., this 26th day of June, 1920.

Supplement to Certificate No. 4 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

TO THE SECRETARY OF THE TREASURY:

Referring to its original certificate No. 4 herein of June 26, 1920, and supplementing said certificate, the Interstate Commerce Commission now further certifies as follows:

1. That the applicant has increased to the full amount originally authorized by its mortgage of July 1, 1909, to the Equitable Trust Company of New York, trustee, its 10-year 5 per cent mortgage gold notes secured by said mortgage, so that there is now outstanding \$5,000,000 principal amount of said notes.

2. That the applicant has made and secured the making of all contracts and the recording of same, and the doing of all things necessary, in the opinion of the Interstate Commerce Commission, to validly increase the outstanding issue of said notes to the full amount of \$5,000,000, to extend the said notes until July 1, 1930, with interest at 6 per cent per annum, to preserve for the benefit of the holders of said notes as extended the full lien of the mortgage dated July 1, 1909, from the Carolina, Clinchfield & Ohio Railway to the Equitable Trust Company of New York, trustee, to secure the 10-year 5 per cent mortgage gold notes of a total authorized issue of \$5,000,000, to make proper record thereof, and to give proper notice thereof to all concerned.

3. That it will be satisfactory to the Interstate Commerce Commission to accept \$5,000,000 of 10-year 5 per cent mortgage gold notes

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to be deposited by the applicant as security for its 10-year note to the United States of America in the following form:

(a) Two million dollars principal amount of said notes in definitive form in denominations of \$1,000 each, with certificates of extension to July 1, 1920, attached.

(b) Three million dollars principal amount of said notes in the form of one temporary note exchangeable for notes in definitive form of denominations of \$1,000 each, when the same can be prepared, which temporary note shall be dated July 1, 1919, and due July 1, 1920, and shall bear interest at the rate of 6 per cent per annum, and that it will be also satisfactory to the Interstate Commerce Commission for the purpose of extending all of the said notes to July 1, 1930, with interest at the rate of 6 per cent per annum; that the Secretary of the Treasury hereafter present the same, or cause the same to be presented to the Equitable Trust Company of New York, trustee, under said mortgage, to have affixed thereto further certificates of extension evidencing the extension to July 1, 1930; and that it will also be satisfactory to the Interstate Commerce Commission to exchange the said \$3,000,000 temporary note for notes in definitive form when the same shall be ready for delivery.

4. The applicant has furnished in form satisfactory to the Interstate Commerce Commission evidence of its effective undertaking to finance and meet the several obligations set forth in subdivision numbered (3) of the said original certificate No. 4 by the issue and sale to its shareholders or others of its income debentures in amount not less than \$5,000,000 (out of an authorized issue of \$6,000,000) bearing interest at 6 per cent per annum and to be sold at not less than par, the undertaking of the applicant in this regard having been underwritten by Blair & Company, Incorporated, which Blair & Company, Incorporated, have undertaken to dispose of or purchase said debentures at par, and at not exceeding 6 per cent per annum interest, and without further cost to the applicant as floating indebtedness and other obligations of the applicant shall mature or become due. The term of the above-mentioned debentures being 15 years and it being distinctly provided that no part of the principal of said debentures shall be paid until the loan made by the United States is repaid in full and all obligations in connection therewith are fulfilled, and that no part of the interest on said debentures is to be paid while any interest due on the loan from the United States remains unpaid, but the applicant shall have the privilege of retiring said debentures or converting them by an issue of the applicant's capital stock.

5. The applicant has undertaken and agreed, in a form satisfactory to the Interstate Commerce Commission, that the proceeds of said \$5,000,000 of debentures are not to be used for or applied to any

other purpose than the payment of the aforesaid obligations of the applicant due or maturing in the years 1920 and 1921, and that if the applicant shall reissue the total or any part of said \$1,300,000 of Elkhorn extension first-mortgage 5 per cent notes said reissue will be with distinct notice of and in subordination to the lien of the full \$5,000,000 of 10-year 5 per cent mortgage gold notes deposited by the applicant as security for the loan applied for, and that notice to this effect will be indorsed on the notes before their reissue.

6. The applicant has further undertaken and agreed in a form satisfactory to the Interstate Commerce Commission that, with the exception of the obligations now due or maturing in the years 1920 and 1921 above provided for, no payment of any funded debt now existing or hereafter created shall be made by it until the present loan is repaid in full and all obligations in connection therewith are fulfilled, except that maturing car-trust obligations may be met out of net earnings or by the issue of obligations maturing after July 1, 1921, and except that \$6,000,000 of Elkhorn extension first-mortgage 5 per cent bonds may be met out of net earnings or refunded by obligations maturing after July 1, 1921.

Done at Washington, D. C., this 1st day of July, 1920.

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FINANCE DOCKET No. 3.

IN THE MATTER OF THE APPLICATION OF THE KANSAS CITY, MEXICO & ORIENT RAILROAD COMPANY, ITS RECEIVER, AND THE KANSAS CITY, MEXICO & ORIENT RAILWAY COMPANY OF TEXAS, FOR A LOAN.

Submitted June 3, 1920. Decided July 1, 1920.

1. By section 210 of the transportation act, 1920, as amended, two findings are necessary prerequisites to a recommendation that a loan be made, to wit:
(a) A finding that the making, in whole or in part, of the proposed loan by the United States is necessary to enable the applicant properly to meet the transportation needs of the public, and (b) a finding that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.
2. The Commission is unable upon the record to make either of these findings. Application denied.

W. L. Aldwell, H. P. Allison, Alexander Collins, F. M. Conner, A. DeBernardi, H. F. Hall, Clifford Histed, C. W. Gates, John F. Robinson, W. P. Rooney, George H. Sheppard, and R. Theis for applicants.

James Cornell for Texas towns and patrons, and the Del Rio extension; *Elam Dudley* for Barnhart, Irion county, and Ozona, Crockett county, Tex.; *W. E. Holmes* for Wichita Board of Commerce; *S. E. McKnight* for Sonora, Sutton county, Tex.; *G. W. Walthall* for Crowell Commercial Club; and *O. W. Williams* for citizens of Pecos county, Tex.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Kansas City, Mexico & Orient Railroad Company, and William T. Kemper, its receiver, and the Kansas City, Mexico & Orient Railway Company of Texas jointly applied on May 17, 1920, for a loan to them from the United States in the amount of \$2,500,000, claimed to be necessary to enable them properly to serve the public during the transition period immediately following the termination of federal control, as provided in section 210 of the transportation

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act, 1920. These two companies together own a line of railroad, hereinafter called the Orient, extending from Wichita, Kans., to Alpine, Tex. Ultimately, if present plans are carried out, it will form part of a transcontinental line from Kansas City, Mo., to Topolobampo, Mexico, on the Gulf of California. A part of the line in Mexico has already been constructed by an affiliated corporation. The loan was asked for a period of five years. The indicated uses to which it would be applied were to pay and discharge outstanding receiver's certificates in the amount of \$1,420,000 and to enable the companies to meet their fixed charges and operating expenses after September 1, 1920, and until expected increased rates are reflected in their earnings and they regain business alleged to have been diverted from them during the period of federal control. It was stated in this original application that no portion of the requested loan would be used for additions and betterments. As security for the loan, applicants offer to give receiver's certificates of the Kansas City, Mexico & Orient Railroad Company to be duly authorized by the United States district court having jurisdiction of the case, and bearing the indorsement, if desired, of the Kansas City, Mexico & Orient Railway Company of Texas. It was promised that information in regard to the security would later be supplied in detail, but this has not been done.

In response to our requirement that applicants state accurately and in detail the transportation needs which they would be unable to meet and the service for the public which they could not perform if the requested loan were not granted, they indicate that it might be necessary to discontinue service if the application were denied. While a small portion of the mileage in Kansas and Oklahoma is paralleled by other lines, they point out that in Texas the Orient traverses a large otherwise unoccupied territory, all of which is devoted to diversified farming and cattle raising, including the raising of grain of all kinds, broom corn, alfalfa, cotton, kaffir, cattle, horses, sheep, goats, etc.; that there are 109 towns and villages, a number of which are county seats, located along the line, 85 of which it serves exclusively; and that, in addition, approximately 25 inland towns are dependent upon the Orient for their transportation. Then followed, in the original application, this statement:

It will be impossible for these railroads to continue in operation after September 1st unless this requested loan is granted. (Further detail will be supplied in subsequent statement.)

The same statement, with the exception of the parenthetical promise to supply further detail, appears in the amended and supplemental application; but no information has been furnished, either in

the applications or at the hearing, as to the reasons which will make it impossible for the Orient to continue in operation after September 1, 1920, if the requested loan is not granted.

By their amended and supplemental application filed at the hearing on June 3, 1920, the companies and the receiver increase the amount requested from \$2,500,000 to \$3,500,000 and stated the purposes and proposed uses of the loan and the governing considerations as follows:

(a) The purposes of the loan and the uses to which it is to be applied are as follows: (1) To pay and discharge outstanding receiver's certificates in the principal amount of \$1,420,000 due December 1, 1920, for the purpose of clearing title to the property; (2) to provide a working capital to meet fixed charges and operating expenses after September 1, 1920, before the expected increased freight rates will be reflected in earnings and during the period in which the companies will undoubtedly sustain a deficit while they are regaining their business diverted from them during the period of federal control; also to provide for certain additions and betterments stated in paragraph (c) hereafter; (3) the remainder of the loan, \$1,000,000, is to be used in completing the laying of the track upon the completed grade from Del Rio Junction, about 3 miles south of San Angelo, Tex., to Sonora, Tex., a distance of about 61 miles, and thereby afford an outlet to a large and rapidly growing food and stock raising section of Texas, the completion of which line, without further delay, is of vital importance to the public interest.

(b) The considerations which govern the applicants in determining the amount and terms of the loan desired are the necessity of meeting the the receiver's certificates outstanding and providing for the inevitable deficit in fixed charges and operating expenses after September 1, until the companies can get back their business lost during federal control, and once more regain a self-supporting status. It is confidently believed that with the aid of this money the railroads can be continued in operation until such time as a favorable showing can be made, when they can be financed under a proper plan that will attract private capital. The Orient railroad system at this time in operation in the United States is an uncompleted project, it being contemplated that it will ultimately extend from Kansas City to the Pacific coast at Topolobampo, a distance of 1,659 miles. Of this, 737 miles are completed and in operation in the United States and 238.68 miles are completed and in operation in Mexico. The completion of the line to Sonora, above outlined, is of great public interest in

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affording an outlet to a large and rapidly growing food and stock raising section of Texas which is now without railroad facilities.

(c) Out of the fund mentioned in (a) (2) hereof the companies will spend, within the next two years, \$170,000 for the following additions and betterments, with the estimated cost thereof:

Relay five miles of rail-----	\$3,000
Additional yard tracks and sidings-----	25,000
Station and station facilities-----	25,000
New fuel station-----	5,000
Improvements to locomotives-----	10,000
Freight cars-----	47,000
Machinery, shop tools, etc-----	20,000
Water-softening plants-----	10,000
Bank widening and ballast-----	25,000
Total-----	170,000

This will be required to furnish adequate facilities and to keep the property from deterioration and from becoming obsolete.

The purposes and uses of the loan stated in the amended and supplemental application are substantially the same as those set forth in the original application, except for the inclusion of \$1,000,000 to be used for the completion of the Sonora branch, which represents the increase of the second request over the first, and the provision of the relatively small amount of \$170,000 for certain additions and betterments. As to the greater part of the loan, the two applications agree in showing the following purposes and uses: (1) To pay and discharge outstanding receiver's certificates for the purpose of clearing title to the property, about \$1,500,000, and (2) to meet fixed charges and operating expenses after September 1, 1920, about \$1,000,000.

The considerations indicated as governing the applicants in determining the amount and terms of the loan desired are alike in both cases, except that in the amended and supplemental application the necessity for the Sonora extension is mentioned and the alleged loss or diversion of business during federal control is emphasized. No proof was submitted either with the applications or at the hearing to support the allegation of loss or diversion of business, and it is not borne out by the traffic statistics of the companies, which for the period from July 7, 1914, to December 31, 1919, show the following results for revenue freight:

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Report for—	Originating on line.	From connecting carriers.	Total.	Ton-milage.	Revenue.
<i>Kansas City, Mexico & Orient R. R.</i>					
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Ton-miles.</i>	
July 7, 1914, to June 30, 1915.....	398,509	362,828	761,397	165,121,922	\$1,906,615
June 30, 1916.....	205,330	341,112	546,442	84,663,541	1,010,059
December 31, 1916.....	203,585	363,550	567,135	89,474,623	1,109,615
December 31, 1917.....	171,913	416,781	588,694	101,433,621	1,003,351
December 31, 1918.....	158,191	409,555	567,746	99,713,439	1,040,234
December 31, 1919.....	188,572	485,639	674,211	107,544,000	1,231,699
<i>Kansas City, Mexico & Orient Ry. of Texas.</i>					
	(¹)	(¹)	(¹)	(¹)	(¹)
July 7, 1914, to June 30, 1915.....	223,542	377,375	600,917	100,841,332	1,065,443
June 30, 1916.....	206,192	377,625	583,817	96,190,384	1,057,370
December 31, 1916.....	184,680	414,347	599,027	116,563,183	1,062,531
December 31, 1917.....	118,932	470,868	589,800	108,325,448	976,446
December 31, 1919.....	206,571	431,853	638,424	90,056,252	1,037,914

¹ Included in Kansas City, Mexico & Orient report.

Great interest in these applications was manifested by the communities served by the Orient lines. This interest was evidently the result of a widespread fear that if the loan should not be granted operation of the Orient might be abandoned. It is not disputed that the Orient system, or at least that part which lies within the United States, is of essential importance in meeting the transportation needs of the public in the territory which it serves. As the law now stands, it could not be abandoned without our approval. Failure to discharge outstanding receiver's certificates and thus "clear title to the property" might result in a receiver's sale, but such a sale might well prove of benefit to the operation of the property by scaling down the present top-heavy capitalization.

Applicants apparently misconceive the purposes of the revolving fund created by section 210 of the transportation act, 1920, and fail to appreciate the requirements of the section as to the administration of the fund. With the exception of the provision for the Sonora branch and the comparatively small allowance for additions and betterments, included in the supplemental but not in the original application, the companies have clearly had in mind private advantage rather than "the transportation needs of the public." The operating representative of the Orient stated that 737 miles of road are in operation; that the road is in good condition, is laid with 70-pound and 75-pound rail, and has not had enough service to injure the rail; that the bridges are safe for traffic for many years to come; that the equipment on road has been only 55 per cent of the equipment owned, which is an indication of ownership in excess of use; that the road is well equipped with working tools, ditchers, steam shovels, ballast cars, etc.; that it has a modern locomotive and car shop at Wichita, Kans., that cost more than \$700,000 about seven or eight years ago, and could not be reproduced to-day for double

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that amount; that the shop is in good working condition and was utilized throughout federal control not only to maintain the Orient equipment, but many other engines of other roads; that the terminal facilities along the entire line are excellent; that the power and equipment are ample to handle twice as much traffic as has been or is being handled; and that, being a good intermediate line of nearly 800 miles, with no congested terminals and with sufficient power, the Orient could handle business now moving via other routes and "thus relieve the transportation system very materially, and likewise the car situation." It is evident from this testimony that the Orient does not require a loan from the United States to enable it "properly to meet the transportation needs of the public."

By section 5 of the sundry civil appropriation act, June 5, 1920, section 210 of the transportation act, 1920, was amended so as to state, *inter alia*, the purposes for which loans from the revolving fund may be applied for and recommended. Those purposes are (1) to meet maturing indebtedness, (2) to provide equipment, and (3) to provide other additions and betterments.

On June 7, 1920, after a full hearing, we announced that loans for additions and betterments, other than equipment, would not be recommended except upon satisfactory evidence that they will relieve congestion and enable existing equipment to do more work. We also announced that no loans for this purpose would be recommended without satisfactory evidence that the government funds would be met by such contributions from the carriers as it might be within their power to furnish. Opportunity was afforded to file new or amended and supplemental applications in accordance with the principles announced, and it was provided that in respect of such additions and betterments such further applications should particularly show (a) why applicant is unable itself to finance the project, (b) what efforts applicant has made to do the work without government aid, (c) how and to what extent the proposed additions and betterments will facilitate the movement of cars, (d) the plan and details of cost of the work proposed, and (e) the proportion of total cost which will be financed by the applicant.

The representative of Texas towns and patrons who appeared particularly in behalf of the Del Rio extension stated very definitely what the community proposed to contribute or had offered to the railroad company in aid of this extension, to wit, the existing graded right of way and \$275,000 in cash. He, as well as other spokesmen for communities along the Orient lines, expressed the willingness of their people to pay such increased rates as might be necessary to maintain the service. This spirit of cooperation is commendable and entirely in consonance with the principle of self-help which we

have emphasized as a desirable basis for the administration of the revolving fund. No similar spirit has been exhibited by those financially interested in the Orient. The statement made by applicants that the American investors have apparently lost further interest in the project and have refused to advance further funds for the protection of the property or of their investment is not conducive to favorable consideration of the application. And especially is this true in respect of the principal requests for \$1,500,000 to pay and discharge receiver's certificates for the purpose of clearing title to the property and for \$1,000,000 to meet fixed charges and operating expenses after September 1, 1920. The Kansas City, Mexico & Orient Railroad is now in the hands of a receiver. It is obvious that clearing title by the discharge of receiver's certificates and the payment of fixed charges would be of great benefit to the security holders who "have refused to advance any further funds for the protection of the property or their investment," but it is not apparent that the failure to do these things should or would prevent the proper service to the public which the roads are now capable of giving. The vice president and general solicitor of the Orient lines, who appeared for the applicants at the hearing on June 8, 1920, stated that with a very slight accession of business the system could be "put on not only a self-supporting basis, but on one that will be gratifying, indeed." This statement, as well as the testimony of the operating representative above referred to, goes to show that the Orient does not require, in addition to advances under section 209, further aid to meet the transportation needs of the public.

Considering in order the purposes for which a loan may be applied for or recommended under the law, we find:

1. That the loan can not be recommended to meet maturing indebtedness; and that while the discharge of the receiver's certificates now outstanding might serve to clear title to the property and thus benefit the security holders, who are unwilling in any degree to protect themselves, such action would not enhance the transportation service available to the public and would not fall within the purposes of the act.

2. That the company now owns more equipment than is required by the transportation needs which it now serves, and more than will be required by any increased traffic reasonably to be expected during the transition period immediately following the termination of federal control, and that a loan can not be recommended on this account.

3. That no necessity for a loan to make other additions and betterments on the existing line has been established; and that the need for the proposed expenditure for the Del Rio extension, the extent

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to which this addition would facilitate the movement of cars, and the plan and details of cost of the work proposed have not been sufficiently proved to enable a recommendation in this regard.

By section 210 of the transportation act, 1920, as amended, two findings are necessary prerequisites to a recommendation that a loan be made: (a) A finding that the making in whole or in part of the proposed loan by the United States is necessary to enable the applicant properly to meet the transportation needs of the public; and (b) a finding that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan and to meet its other obligations in connection with such loan.

We are unable, upon the evidence and arguments presented, to make either of these findings.

The application is accordingly denied, and an appropriate order will be entered.

ORDER.

A hearing having been held on this application, and full investigation of the matters and things involved therein having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

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FINANCE DOCKET No. 926.

IN THE MATTER OF THE APPLICATION OF THE BANGOR & AROOSTOOK RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted June 16, 1920. Decided July 6, 1920.

Application granted and loan of \$200,000 approved.

Percy R. Todd for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Bangor & Aroostook Railroad Company, hereinafter called the applicant, a carrier by railroad subject to the interstate commerce act, on May 25, 1920, made application to the Interstate Commerce Commission for a loan from the United States under section 210 of the transportation act, 1920, in order to obtain funds for necessary additions and betterments to roadway and structures and for new equipment. On June 19, 1920, the carrier filed with the Commission an amended and supplemental application, pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the funds created by section 210 of said act.

In the application, as amended and supplemented, the carrier sets forth:

1. That the amount of the loan desired is \$200,000.
2. That the term for which it is desired is 15 years.
3. That the purposes of the loan are as follows:

To pay one-half the cost of six consolidation-type locomotives, at \$60,000 each (total, \$360,000)-----	\$180,000
To purchase one air compressor and miscellaneous shop machinery----	10,000
To construct an additional passing track at Masardis, Me-----estimated--	4,600
To construct a coal-storage plant at Oakfield, Me-----estimated--	5,400
Total -----	200,000

4. That the use to which the loan will be applied is to assist the applicant in financing the projects aforesaid.

5. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is such amount of applicant's mortgage bonds as may be found reasonably required, as follows:

Consolidated refunding mortgage 4 per cent bonds.....	\$2, 341, 000
St. John River extension first-mortgage 5 per cent bonds.....	168, 000
Washburn extension first-mortgage 5 per cent bonds.....	32, 000

7. That the extent to which the public convenience and necessity will be served is that without the increased equipment applicant will be absolutely unable to promptly and properly handle the heavy traffic in perishable freight which must be moved expeditiously within a very limited period, and that the other expenditures are equally necessary in the handling of this traffic.

Said applications were accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

After investigation, the Commission finds that the making of the loan of \$200,000 by the United States, as requested, for the purposes stated, is necessary in order to enable the applicant properly to meet public transportation needs; that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of its ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for such purposes, except at excessive rates of interest.

An appropriate certificate will be issued.

Certificate No. 5 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings of facts:

1. That the making of a loan of \$200,000 by the United States to the Bangor & Aroostook Railroad Company, hereinafter referred to as the applicant, for the purposes of providing applicant with equipment and other additions and betterments is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan

within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$200,000.

4. That the time from the making thereof within which the loan is to be repaid is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows. The loan is to be divided into two parts, to wit:

One part to pay approximately one-half the cost of six consolidation-type locomotives costing approximately \$60,000 each, or \$360,000.....	\$180,000
One part to pay \$20,000 on account of additions and betterments, including one air compressor and miscellaneous shop machinery costing approximately \$10,000; one coal-storage plant at Oakfield, Me., costing approximately \$5,400; and an additional passing track at Masardis, Me., costing approximately \$4,600.....	20,000

The part of the loan to pay approximately one-half of the cost of six consolidation-type locomotives is to be evidenced by applicant's 15 notes for \$12,000 each, payable, respectively, in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of said part of the loan, with interest at the rate of 6 per cent per annum, payable semiannually. These notes are to be secured by a second lien on the equipment subordinate only to the first lien on the same equipment to secure equipment notes for the balance of the purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor to be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured; title to the locomotive not to pass to applicant, nor from the trustee for the benefit of the United States until the loan from the United States has been paid in full and applicant has fulfilled all its obligations in regard thereto. This part of the loan from the United States to be further secured by the pledge of the following amounts, par value, of bonds now held in applicant's treasury: \$30,000 of Washburn extension first-mortgage 5 per cent bonds; \$165,000 of St. John River extension first-mortgage 5 per cent bonds; \$165,000 of consolidated refunding mortgage 4 per cent bonds; a total of \$360,000 par value. Said bonds pledged as collateral security are to be released proportionately as installments are paid.

The part of the loan to pay \$20,000 on account of other additions and betterments is to be evidenced by applicant's five notes for \$4,000 each, payable respectively in one, two, three, four, and five years from the making of this part of the loan, with interest at the rate of 6 per cent per annum, payable semiannually. These notes

are to be secured by the pledge as collateral security of \$50,000 par value of consolidated refunding mortgage 4 per cent bonds now held in applicant's treasury. Said bonds pledged as collateral security are to be released proportionately as installments are paid.

Applicant shall have the privilege of paying any or all installments of any or all parts of the loan, with accrued interest, at any time before maturity.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States; and,

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 6th day of July, 1920.

FINANCE DOCKET No. 940.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE IN PART FOR PURCHASE OF NEW EQUIPMENT.

Submitted June 18, 1920. Decided July 9, 1920.

Application granted and loan of \$4,446,525 approved.

Hale Holden for applicant.

REPORT OF THE COMMISSION.

DIVISION 4: COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Chicago, Burlington & Quincy Railroad Company, a carrier by railroad subject to the interstate commerce act, on June 18, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to provide itself with equipment.

In said application said carrier sets forth:

1. That the amount of the loan desired is \$4,446,525.
2. That the term for which the loan is desired is 15 years, with the option to pay off all or part at an earlier date if applicant so desires.
3. That the purpose of the loan is to assist the applicant in the acquisition of the following equipment:

Locomotives: 15 Santa Fe type, 15 heavy milkado, and 15 heavy switchers.....	\$1, 472, 775
Freight equipment: 500 stock cars, 1,000 refrigerator cars, 1,000 box cars, and 1,000 gondola cars.....	2, 973, 750
Total	4, 446, 525

4. That the use to which the loan will be applied is to assist the applicant in financing the purchase of the aforesaid equipment in connection with expenditures of approximately \$10,394,025 to be taken care of by applicant itself.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is Chicago, Burlington & Quincy general-mortgage 4 per cent bonds, due March 1, 1958, in such amount as the Commission may prescribe.

7. That the extent to which the public convenience and necessity will be served is: "Part of the new equipment which it is intended to purchase is necessary to replace equipment currently retired. In addition, the volume of traffic has increased to such an extent that it will be impossible, unless additional freight power and equipment is provided, to handle all traffic offered and render prompt and efficient service."

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of the granting of the loan applied for, and the ability of the applicant to make good the obligations, as the Commission deemed pertinent to the inquiry.

After investigation, the Commission finds that the making in whole of the proposed loan by the United States for the aforesaid purpose is necessary in order to enable applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor; and to meet its other obligations in connection with such loan; and reasonable protection to the United States; and that applicant is unable to provide itself with funds necessary for the aforesaid purpose from other sources except at excessive rates of interest. The loan of \$4,446,525 for equipment is recommended in view of the fact that applicant itself proposes to finance and expend for equipment the sum of \$10,394,025 in addition to the expenditure to be made out of the loan in this regard made by the United States, the total proposed expenditure being \$14,840,550. Furthermore, the granting of this loan is an expeditious way of increasing the equipment in the service of the commerce of the nation.

An appropriate certificate will be issued.

Certificate No. 7 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$4,446,525 by the United States to the Chicago, Burlington & Quincy Railroad Company, hereinafter referred to as the applicant, for the purpose of providing applicant

with equipment, is necessary to enable the applicant to properly meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$4,446,525.

4. That the time from the making thereof within which the loan is to be repaid is 15 years, installments to be paid as hereafter to be indicated.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

The loan is to be evidenced by applicant's 15 notes for \$296,435 each, aggregating \$4,446,525, payable respectively in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of the said loan, with interest at the rate of 6 per cent per annum, payable semi-annually. These notes are to be secured by a second lien on the equipment, subordinate only to the first lien on the said equipment to secure the equipment notes for the balance of the purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor to be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured; title to the equipment not to pass to the applicant nor from the trustee for the benefit of the United States until the loan from the United States has been paid in full, and applicant has fulfilled all its obligations in regard thereto. The loan from the United States to be further secured by the pledge of the following amount par value of bonds now held in applicant's treasury: \$5,928,700 Chicago, Burlington & Quincy general-mortgage 4 per cent bonds, due March 1, 1958. Said bonds pledged as collateral security are to be released proportionately as installments are paid. Applicant shall have the option of paying any or all installments of the loan with accrued interest at any time before maturity.

As a further condition precedent to the making of the loan, it shall be provided that the amount to be financed by the applicant in connection therewith shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources except at excessive rates of interest.

Done in Washington, D. C., this 9th day of July, 1920.

FINANCE DOCKET No. 970.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE IN PART FOR PURCHASE OF NEW EQUIPMENT.

Submitted July 8, 1920. Decided July 9, 1920.

Application granted and loan of \$4,511,750 approved.

M. P. Blauvelt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

By DIVISION 4:

The Illinois Central Railroad Company, a carrier by railroad, subject to the interstate commerce act, on May 8, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to provide itself with equipment, and on June 18, 1920, the carrier amended and supplemented its application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by section 210 of said act.

In the application as amended and supplemented the carrier sets forth:

1. That the amount of the loan desired is \$4,511,750.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to provide in part for the purchase of new equipment as follows:

65 I. C. C.

One-half the cost of—	
50 freight engines at \$87,000 each.....	\$4,350,000
25 passenger engines at \$65,000 each.....	1,625,000
Total cost of engines.....	5,975,000
One-half equals \$2,987,500.	
One-fourth the cost of—	
1,000 refrigerator cars, at \$4,650 each.....	4,650,000
200 flat cars, at \$2,210 each.....	442,000
200 stock cars, at \$2,850 each.....	570,000
50 caboose cars, at \$3,000 each.....	150,000
Total cost of freight cars.....	6,097,000
One-fourth equals \$1,524,250.	
Total of fractional parts.....	4,511,750

4. That the use to which the loan will be applied is to assist the applicant in financing the purchase of new equipment, the total cost of which, including 55 passenger-train cars, will be approximately \$13,966,000.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is Illinois Central Railroad Company refunding-mortgage 4 per cent gold bonds of 1955.

7. That the public convenience and necessity will be served by the supplying of cars and locomotives to be used in the transportation of freight and passengers.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

After hearing and investigation, the Commission finds that the making in whole of the proposed loan by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources except at excessive rates of interest. Furthermore, the granting of this loan is an expeditious way of increasing the equipment in the service of the commerce of the nation.

An appropriate certificate will be issued.

65 I. C. C.

Certificate No. 6 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$4,511,700 by the United States to the Illinois Central Railroad Company, hereinafter referred to as the applicant, for the purpose of providing the applicant with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$4,511,700.

4. That the time from the making thereof within which the loan is to be repaid is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

The loan is to be evidenced by applicant's 15 notes for \$300,780 each, payable, respectively, in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of said loan, with interest at the rate of 6 per cent per annum, payable semiannually. These notes are to be secured by a second lien on the equipment, subordinate only to the first lien on the same equipment to secure equipment notes for the balance of the purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor to be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured; title to the equipment not to pass to applicant, nor from the trustee for the benefit of the United States, until the loan from the United States has been paid in full and applicant has fulfilled all its obligations in regard thereto. The loan from the United States to be further secured by the pledge of \$5,414,000, par value, of Illinois Central Railroad Company refunding-mortgage 4 per cent gold bonds of 1955; said bonds pledged as collateral security to be released proportionately as installments on the loan are paid. Applicant shall have the privilege of paying any or all installments, or any or all parts of the loan, with accrued interest, at any time before maturity.

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As a further condition precedent to the making of the loan, it shall be provided that the amount to be financed by the applicant in connection therewith shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources except at excessive rates of interest.

Done at Washington, D. C., this 9th day of July, 1920.

65 I. C. C.

FINANCE DOCKET No. 1016.

IN THE MATTER OF THE APPLICATION OF THE SALT LAKE & UTAH RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted June 18, 1920. Decided July 19, 1920.

Application granted in part and loan of \$235,400 approved.

W. C. Orem and Ross Beason for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

By DIVISION 4:

The Salt Lake & Utah Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, made, on May 7, 1920, its original application and on June 18, 1920, its amended and supplemental application to the Commission, for a loan from the United States in accordance with section 210 of the transportation act, 1920, to meet its maturing indebtedness and to provide itself with equipment and other additions and betterments.

In said applications the applicant sets forth:

1. That the amount of the loan desired is \$300,000.
2. That the time for which the loan is desired is five years.
3. That the purposes and uses of the loan are:

(a) To pay in part the cost of new equipment.....	\$64, 600
(b) To pay in part the cost of other additions and betterments.....	23, 400
(c) To pay in part maturities held by banks, individuals, and equipment companies.....	212, 000
Total.....	300, 000

4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations.

5. That the security offered is the first and only mortgage bonds of the applicant's issue, bearing 6 per cent interest, in the ratio of 133½ per cent of bonds, par value, to 100 per cent of loan.

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6. That the loan will aid the applicant in providing itself with equipment, adequate shop facilities, and additional sidetracks and interchange tracks, and will also aid the applicant in reestablishing its credit; the attainment of the foregoing ends will serve the convenience and necessity of the public.

The applications were accompanied by such facts as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

There was filed with the Commission on July 12, 1920, by the applicant's representative and traffic manager, a sworn statement of the new capital requirements of the applicant for 1920, and pertinent facts with respect thereto. Said statement is attached to the application and sets out, among other things, the following:

	Total amount.	Provided by ap- plicant.	Asked from gov- ernment.
<i>Equipment.</i>			
50 new gondola cars.....	\$135,705		
10 new box cars.....	26,982		
3 new locomotives.....	101,280		
1 caboose.....	1,600		
1 milk and express car.....	3,000		
Equipment-note discount.....	6,626		
Total.....	278,163	\$213,563	\$64,600
<i>Additions and betterments.</i>			
Track changes at American Fork, Provo, Springville, Spanish Fork, and Payson, Utah, ordered by municipalities and now in progress.....	61,800	61,800	
Partial filling of 3,800 feet of trestle at Salt Lake City, to save replacement with wooden structure.....	12,000	12,000	
12,000 yards of ballast at various points, permitting faster and safer train operation.....	4,800	4,800	
Additional passing tracks at Taylorsville and Curtis, Utah.....			
Additional interchange track with Union Pacific system at Salt Lake City.....			
Interchange track with Utah Railway at Provo, Utah, eliminating necessity of interchanging cars through D. & R. G. yards.....	23,400		23,400
Additional tools and wheel press at Payson, Utah, shops, and housing enlargement to take care of same.....			
Total.....	102,000	78,600	23,400
<i>Maturities.</i>			
Notes due banks.....	126,700		
Notes due individuals.....	45,100		
Notes due equipment companies.....	22,156		
Other notes.....	22,328		
Sinking-fund payment.....	24,300		
Equipment-trust notes maturing in 1920.....	14,752		
Total.....	255,336	43,336	212,000
<i>Summary.</i>			
Equipment.....	278,163	213,563	64,600
Additions and betterments.....	102,000	78,600	23,400
Maturities.....	255,336	43,336	212,000
Total.....	635,499	335,499	300,000

The Commission, in response to the original application, issued, on May 24, 1920, its certificate No. 2 to the Secretary of the Treasury for \$64,600 to aid the applicant in paying part of the cost of its requirements for equipment as above set out. There remains, therefore, for the consideration of the Commission the request of the applicant for a loan of \$235,400 to aid the applicant in paying in part (a) the cost of other additions and betterments, \$23,400, and (b) maturities, \$212,000, as above stated.

The American Short Line Railroad Association, on June 24, 1920, recommended a loan of \$235,400 for the purposes stated in the foregoing paragraph, for the term of 15 years, the principal to be repaid in annual installments, and collateral security to be released pro rata as annual payments are made.

After informal hearings and investigation, the Commission finds (1) that the making by the United States of a loan of \$235,400 to enable the applicant to pay in part the cost of the additions and betterments, and to pay in part the short-term maturities hereinabove set out, is necessary to enable the applicant properly to meet the transportation needs of the public; and (2) that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States.

An appropriate certificate will be issued.

Certificate No. 9 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

(a) That the making of a loan of \$235,400 by the United States to the Salt Lake & Utah Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding it to pay the cost of the additions and betterments and to pay in part the short-term maturities, as stated in the accompanying report, is necessary to enable the applicant properly to meet the transportation needs of the public.

(b) That the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States.

- (c) That the amount of the loan which is to be made is \$235,400.
- (d) That the time from the making thereof within which the loan is to be repaid in full is 15 years.
- (e) That the terms and conditions of the loan, including the security to be given, are as follows: The loan shall be evidenced by the applicant's notes (15 in number), shall be for the amount of principal, and shall mature 1 to 15 years from date thereof, as follows:

	Principal.	Maturity.
Note No. 1	\$15,700	1921
Note No. 2	15,700	1922
Note No. 3	15,700	1923
Note No. 4	15,700	1924
Note No. 5	15,700	1925
Note No. 6	15,700	1926
Note No. 7	15,700	1927
Note No. 8	15,700	1928
Note No. 9	15,700	1929
Note No. 10	15,700	1930
Note No. 11	15,700	1931
Note No. 12	15,700	1932
Note No. 13	15,700	1933
Note No. 14	15,700	1934
Note No. 15	15,600	1935

Said notes shall bear interest at 6 per cent per annum, payable semi-annually. The applicant may pay off at any time all or any number of the notes with accrued interest prior to maturity thereof. Said notes shall be collaterally secured by the pledge of the first-mortgage bonds of the applicant in the ratio of 133 $\frac{1}{3}$ per cent of bonds par value to 100 per cent of loan.

As the aforesaid several annual payments of principal and accrued interest are made, there shall be released and surrendered to the applicant the requisite pro rata of the aforesaid collateral security, the understanding being that the par value of the aforesaid collateral security shall always be not less than 133 $\frac{1}{3}$ per cent of the loan outstanding.

(f) That the prospective earning power of the applicant, together with the character and value of the security offered, afford, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

(g) That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done at Washington, D. C., this 14th day of July, 1920.

65 I. C. C.

FINANCE DOCKET No. 922.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY FOR A LOAN TO AID IN PROVIDING EQUIPMENT.

Submitted July 7, 1920. Decided July 13, 1920.

Application granted in part and loan of \$5,493,600 approved.

W. B. Storey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Atchison, Topeka & Santa Fe Railway Company, hereinafter called the applicant, is a carrier by railroad subject to the interstate commerce act. On May 20, 1920, it made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to provide itself with equipment, and on June 21, 1920, the carrier filed with the Commission an amended and supplemental application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by section 210 of said act.

In the application as amended and supplemented the carrier sets forth:

1. That the amount of the loan desired is \$10,000,000.
2. That the term for which it is desired is 15 years.
3. That the purpose of the loan is to provide in part for the purchase of new equipment as follows:

2,500 refrigerator cars, at \$4,750 each	\$11, 875, 000
500 gondolas, at \$3,003 each	1, 501, 500
50 locomotives (heavy freight), at \$85,978 each	4, 298, 900
Total	17, 675, 400

4. That the use to which the loan will be applied is to assist the applicant in financing the purchase of the aforesaid new equipment.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is such amount of the applicant's common and preferred capital stock as may be found reasonably re-

quired, there being available \$17,011,000 par value of the former and \$7,286,500 par value of the latter.

7. That with its present equipment the applicant is unable to meet the demands on it for freight transportation, and that the public convenience and necessity will be served by the supplying of the aforesaid cars and locomotives to be used in the transportation of freight, particularly perishable freight, which otherwise must be refused.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

After investigation the Commission finds that the making in part of the proposed loan:

One-fourth the estimated cost of 2,500 refrigerator cars	\$2,908,750
One-fourth the estimated cost of 500 gondolas	375,400
One-half the estimated cost of 50 heavy freight locomotives	2,140,450
Total	5,424,600

by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources except at excessive rates of interest. Furthermore, the granting of this loan is an expeditious way of increasing the equipment in the service of the commerce of the nation.

An appropriate certificate will be issued.

Certificate No. 8, for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$5,424,600 by the United States to the Atchison, Topeka & Santa Fe Railway Company, hereinafter

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referred to as the applicant, for the purpose of providing the applicant with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$5,493,600.

4. That the time from the making thereof within which the loan is to be repaid is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

The loan is to be evidenced by applicant's 15 notes, each for \$366,240, payable, respectively, in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of said loan, with interest at the rate of 6 per cent per annum, payable semiannually. These notes are to be secured by a second lien on the equipment subordinate only to the first lien on the same equipment to secure equipment notes for the balance of the purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor to be secured by the same equipment-trust indentures or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured; title to the equipment not to pass to the applicant, nor from the trustee for the benefit of the United States, until the loan from the United States has been paid in full and applicant has fulfilled all its obligations in regard thereto. The loan from the United States to be further secured by the pledge of applicant's capital stock as follows: Common stock of the par value of \$5,500,000; preferred stock of the par value of \$3,850,000; making a total par value of \$9,350,000; said capital stock pledged as collateral security to be released proportionately as installments on the loan are paid. Applicant shall have the privilege of paying any or all installments, or any or all parts of the loan, with accrued interest, at any time before maturity. As further condition precedent to the making of the loan it shall be provided that the amount to be financed by the applicant in connection therewith shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

6. That the prospective earning power of the applicant, together with the character and the value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources except at excessive rates of interest.

Done at Washington, D. C., this 18th day of July, 1920.

65 I. C. C.

FINANCE DOCKET No. 10.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & WESTERN RAILWAY COMPANY FOR AUTHORITY TO CONTINUE THE ISSUE OF STOCK IN EXCHANGE FOR CONVERTIBLE BONDS.

Submitted July 12, 1920. Decided July 14, 1920.

Authority granted as of June 28, 1920, for the issue of common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with the terms of certain indentures.

E. H. Alden for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That the Norfolk & Western Railway Company has petitioned this Commission for authority under section 20a of the interstate commerce act to continue the issue of its common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of (1) its convertible 10-20-year 4 per cent gold bonds, in accordance with the terms of an indenture dated March 1, 1912; (2) its convertible 10-25-year 4½ per cent gold bonds, in accordance with the terms of an indenture dated March 25, 1913; and (3) its convertible 10-year 6 per cent gold bonds, in accordance with the terms of an indenture dated January 25, 1919, under which these bonds were issued; and full investigation of the matters and facts therein involved having been had; and it appearing that under the terms of the indentures the entire bond issues thereunder will become due and payable on default of said exchange on demand; and it further appearing that notice of said petition has been given to and copy thereof filed with the governor of each state in which the carrier operates, as provided in the aforesaid section; and the Commission, after due consideration of all the evidence submitted, being of the opinion that said petition should be allowed:

It is ordered, That the Norfolk & Western Railway Company be, and it is hereby, authorized to continue, in accordance with, and pursuant to, the terms of three certain indentures dated March 1, 1912, March 25, 1913, and January 25, 1919, respectively, between
65 I. C. C.

petitioner and the Guaranty Trust Company of New York, trustee, true copies of each of which being on file in this proceeding, (1) the issue of its common capital stock out of the remaining duly authorized and unissued shares of the 133,000 shares of the aggregate par value of \$13,300,000 reserved for the purpose under the aforesaid indenture dated March 1, 1912, in exchange for and against the surrender and cancellation of an equal amount in par value per share, at the time of conversion, of its convertible 10-20-year 4 per cent gold bonds due and payable September 1, 1932, issued under the indenture dated March 1, 1912, on or at any time before September 1, 1922, but not later; (2) the issue of its common capital stock out of the remaining duly authorized and unissued shares of the 183,530 shares of the aggregate par value of \$18,353,000, reserved for the purpose under the aforesaid indenture dated March 25, 1913, in exchange for and against the surrender and cancellation of an equal amount in par value per share, at the time of conversion, of its 10-25-year 4½ per cent gold bonds due and payable September 1, 1938, issued under the indenture dated March 25, 1913, on or at any time before September 1, 1923, but not later; and (3) the issue of its common capital stock out of the remaining duly authorized and unissued shares of the 179,450 shares of the aggregate par value of \$17,945,000, reserved for the purpose under the aforesaid indenture dated January 25, 1919, in exchange for and against the surrender and cancellation of an equal amount in par value per share, at the time of conversion, of its convertible 10-year 6 per cent gold bonds due and payable September 1, 1929, issued under the indenture dated January 25, 1919, on or at any time before September 1, 1929, but not later.

It is further ordered, That all of said common capital stock reserved but not issued by (1) midnight of September 1, 1922, as provided in the indenture dated March 1, 1912; (2) midnight of September 1, 1923, as provided in the indenture dated March 25, 1913; and (3) midnight of September 1, 1929, as provided in the indenture dated January 25, 1919, shall be issued or otherwise disposed of only by order of this Commission.

And it is further ordered, That this order take effect on the 26th day of June, 1920, and continue in force until otherwise ordered or amended by this Commission.

65 I. C. C.

FINANCE DOCKET No. 6.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR AUTHORITY TO GUARANTEE BONDS OF THE OCEAN STEAMSHIP COMPANY OF SAVANNAH.

Submitted July 12, 1920. Decided July 17, 1920.

Authority granted to guarantee payment of \$1,000,000 first-mortgage 5 per cent 30-year gold bonds, including interest thereon, of the Ocean Steamship Company of Savannah.

A. R. Lawton for applicant.

REPORT AND ORDER OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Upon consideration of the record and of the evidence submitted, and full investigation of the matters and things therein involved having been had, and it appearing that notice thereof, together with copy of said application has been filed with the governor of each state in which the Central of Georgia Railway Company operates, as provided in section 20a of the interstate commerce act, and this Commission, after due consideration, being of the opinion that the guaranty of the bonds and interest thereon (a) is for a lawful object, within the corporate purposes of the Central of Georgia Railway Company and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to guarantee unconditionally the due and punctual payment of the principal sum and interest thereon of the first-mortgage 5 per cent 30-year gold bonds of the Ocean Steamship Company of Savannah, due July 1, 1920, of the aggregate face value of \$1,000,000, issued under a first mortgage dated July 1, 1890, of which the Central Union Trust Company of New York is trustee, and guaranteed by the Central Railroad & Banking Company of 65 I. C. C.

Georgia, predecessor of the Central of Georgia Railway Company, and by agreement dated June 30, 1920, between the steamship company and said trust company, extended for a period of five years from July 1, 1920, to July 1, 1925, with interest payable thereon semiannually at the rate of 7 per cent per annum, subject to the redemption of all of said bonds on any interest day after July 1, 1922, and prior to July 1, 1925, at the principal amount thereof and accrued interest plus a premium equal to one-half of 1 per cent of the principal amount for each six months between the redemption date and the date of maturity.

It is further ordered, That the authority hereby given to guarantee said bonds and interest thereon shall apply only to bonds of said issue of the Ocean Steamship Company of Savannah outstanding and unredeemed on the 1st day of July, 1920, and the interest thereon accruing during said period.

It is further ordered, That this order shall take effect on the 17th day of July, 1920, and continue in force until otherwise ordered by the Commission.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 924.

IN THE MATTER OF THE APPLICATION OF THE
ATLANTA, BIRMINGHAM & ATLANTIC RAILWAY COM-
PANY FOR A LOAN FROM THE UNITED STATES TO
AID IN MEETING MATURING INDEBTEDNESS AND
PROVIDING EQUIPMENT.

Submitted July 5, 1920. Decided July 19, 1920.

Application granted in part and loan of \$200,000 approved.

W. G. Brantley for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Atlanta, Birmingham & Atlantic Railway Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, made on June 15, 1920, its original, and on July 5, 1920, its amended and supplemental, application to the Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, as amended, to meet its maturing indebtedness and to provide itself with equipment.

In said application the applicant sets forth:

1. That the amount of the loan desired is \$400,000.
2. That the time for which the loan is desired is 15 years.
3. That the purposes of the loan are (a) to pay in part a short-term loan of \$475,000, maturing July 19, 1920, said part payment amounting to \$200,000, and (b) to make initial payment on a proposed purchase of five freight locomotives, total cost \$400,000, said initial payment amounting to \$200,000.
4. That the use to which the loan will be applied is to enable the applicant to pay part of the above-mentioned maturity and renew the remainder thereof, and to aid the applicant in providing itself with five freight locomotives.
5. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations.
6. That the security offered is the first and refunding mortgage gold bonds of the applicant's issue, and a second lien on the locomotives.

7. That the public convenience will be served by the making of the loan in that the failure of the applicant to pay the maturity in part would threaten, if it did not result in, the insolvency of the applicant and in addition cause the sacrifice of the securities of the applicant pledged as collateral security for the maturity, and that the locomotives are needed to move promptly the traffic that is being hauled over the applicant's railway, and the acquisition of these locomotives will result in the more prompt and efficient handling of equipment, thereby adding to the total equipment available for loading.

The application was accompanied by such facts as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

Attached to the application is a letter dated July 6, 1920, addressed to the Commission by W. G. Brantley, special counsel of the applicant, in which it is stated that the applicant is handling a large tonnage of fuel coal for other carriers at a loss under inadequate rates, and that if the rates should be increased by the Commission so as to permit a profit on this fuel-coal traffic the additional locomotives would be needed, but otherwise not, as in the latter event the applicant would probably seek to discontinue handling at a loss fuel coal for other carriers; and that for the foregoing reasons the applicant requests deferred consideration by the Commission of that part of its application asking for a loan for locomotives.

Also attached to the application is a letter dated June 15, 1920, addressed by the National Bank of Commerce, New York, to the president of the applicant, requesting applicant to pay at maturity, July 19, 1920, with interest, the short-term note of \$475,000, hereinabove referred to. In the said letter it is stated (a) that the loan was made originally in September, 1917, for a period of six months, with the understanding that it would be paid at its maturity from earnings and refunding operations then in contemplation; (b) that instead of the loan being retired in accordance with the understanding had when the loan was made, it had been renewed from time to time until it had taken on the character of a permanent loan; (c) that the bank does a commercial business and requires its funds for making loans for the current purposes of its customers; and (d) that the bank has at no time planned, in view of the character of its business, to make permanent loans or loans for capital purposes.

Also accompanying the application is a second letter dated June 26, 1920, addressed by the aforesaid bank to the president of the applicant, expressing its willingness, in event of payment of at least \$200,000 at or before maturity, to renew the loan for the remainder thereof—\$275,000—for the period of four months, and to surrender collateral security of the applicant proportionate to the total of said security now held against the loan of \$475,000. It is shown in the application that the collateral security pledged for the loan is the applicant's first and refunding mortgage gold bonds of par value of \$700,000.

In the letter dated July 6, 1920, hereinabove referred to, the security definitely offered for the loan requested is the first and refunding mortgage gold bonds of the applicant's issue, par value of \$295,000, which will be released by the National Bank of Commerce, New York, upon payment to it by the applicant of \$200,000 in reduction of the short-term note of \$475,000.

In a letter dated July 13, 1920, from W. G. Brantley, special counsel for the applicant, the offer of additional security is made, namely, \$400,000 par value of 15-year 5 per cent income mortgage gold bonds of the applicant's issue.

After informal hearings and investigation, the Commission finds:

(a) That the making by the United States of a loan of \$200,000 to enable the applicant to make part payment of \$200,000 on its loan of \$475,000, which matures at the National Bank of Commerce, New York, on July 19, 1920, is necessary in order to enable the applicant properly to meet the transportation needs of the public.

(b) That the prospective earning power alone of the applicant does not afford reasonable assurance of the applicant's ability to meet its obligations in connection with such loan.

(c) That the prospective earning power of the applicant and the character and value of the security offered together afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan and reasonable protection to the United States.

(d) That applicant is unable to provide itself from other sources with funds necessary for the aforesaid purpose.

(e) The applicant having requested, for reasons hereinbefore stated, that action on its application for a loan to aid it in providing itself with equipment be held temporarily in abeyance, the Commission is of the opinion, for the reasons given by the applicant, that the request should be granted, and so finds.

An appropriate certificate will be issued.

65 I. C. O.

Certificate No. 11 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury:

1. That the making of a loan of \$200,000 by the United States to the Atlanta, Birmingham & Atlantic Railway Company, hereinafter referred to as the applicant, for the purpose of enabling the applicant to pay in part its short-term loan held by the National Bank of Commerce, New York, and maturing July 19, 1920, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power alone of the applicant does not afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the prospective earning power of the applicant and the character and value of the security offered together afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States.

4. That the amount of the loan which is to be made is \$200,000.

5. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

6. That the terms and conditions of the loan, including the security to be given, are as follows:

(a) Prior to the making of the loan by the United States, the applicant shall finance effectively, for a term of not less than one year, at an annual total cost to itself of not exceeding 7 per cent, the remainder, \$275,000, of the short-term note of \$475,000, held by the National Bank of Commerce, New York, and maturing July 19, 1920; said financing shall be certified to have been accomplished by the affidavit of an executive officer of the applicant.

(b) The loan shall be evidenced by the notes of the applicant (10 in number), which shall be for the amounts of principal, and shall mature in from 1 to 10 years from date thereof, as follows:

Note No. 1	-----	\$20, 000; maturing 1921
Note No. 2	-----	20, 000; maturing 1922
Note No. 3	-----	20, 000; maturing 1923
Note No. 4	-----	20, 000; maturing 1924
Note No. 5	-----	20, 000; maturing 1925
Note No. 6	-----	20, 000; maturing 1926
Note No. 7	-----	20, 000; maturing 1927
Note No. 8	-----	20, 000; maturing 1928
Note No. 9	-----	20, 000; maturing 1929
Note No. 10	-----	20, 000; maturing 1930

Said notes shall bear interest at 6 per cent per annum, and interest shall be payable semiannually.

(c) As collateral security for the loan, the applicant shall deliver to and pledge with the Secretary of the Treasury the following bonds of applicant's issue: (1) First and refunding mortgage gold bonds, dated November 1, 1915, due November 1, 1945, in the par value of \$295,000, and (2) 15-year 5 per cent income mortgage gold bonds, dated November 1, 1915, due November 1, 1930, in the par value of \$400,000.

(d) The applicant may pay off at any time all or any number of the notes, with accrued interest, prior to maturity thereof.

(e) As the aforesaid payments of principal and accrued interest shall be made, there shall be released and surrendered to the applicant a proportionate share of the aforesaid collateral security. The applicant shall agree, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and shall further agree that the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, shall be applicable in like manner to secure the payment of any and all such loans and advances.

7. That the prospective earning power, alone, of the applicant does not furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, but,

8. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States; and

9. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done at Washington, D. C., this 19th day of July, 1920.

65 I. C. C.

FINANCE DOCKET No. 934.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT.

Submitted July 7, 1920. Decided July 21, 1920.

Application granted and loan of \$815,000 approved.

A. R. Lawton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Central of Georgia Railway Company, a carrier by railroad subject to the interstate commerce act, made on May 21, 1920, its original, and on June 16, 1920, its amended, application to the Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, as amended, to provide itself with equipment.

In said application the applicant sets forth:

1. That the amount of the loan desired is \$815,000.
2. That the time for which the loan is desired is 15 years.
3. That the purposes of the loan are to purchase—

100 steel-underframe stock cars.....	\$250,000
500 steel-underframe ventilated box cars.....	1,500,000
200 steel-underframe composite gondolas.....	580,000
7 mountain-type freight and passenger locomotives.....	475,000
Total cost.....	2,785,000

4. That the use to which the loan will be applied is to assist the applicant in financing the purchase of the above equipment as follows:

One-fourth the cost of—

100 steel-underframe stock cars.....	\$250,000
500 steel-underframe ventilated box cars.....	1,500,000
200 steel-underframe composite gondolas.....	580,000
Total cost of freight cars.....	2,310,000
One-fourth equals.....	577,500

One-half the cost of—

7 mountain-type freight and passenger locomotives.....	475,000
One-half equals.....	237,500

5. That the present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard is set forth in the statistical tables filed with its application, and the additional evidence furnished in its amended application of June 18, 1920.

6. That as to security offered "Applicant offers as security a lien on the new equipment second only to a first lien to be carried by the equipment trust for a portion of the cost, and offers to repay the amount loaned by the Commission in equal semiannual installments with semiannual interest payments on the whole amount unpaid; these installments to cover the same period of time and to mature at the same time as the installments of principal and interest to be due under the equipment trust, estimated at 30 semiannual installments extending over a period of 15 years."

7. That the public convenience and necessity will be served by the loan because (a) the shortage of cars on applicant's railroad is a daily occurrence. Increase in the weight of trains makes necessary the addition of seven mountain-type locomotives to the three owned by the applicant. The applicant is not adequately supplied with freight cars. Because of long absence from home, an abnormally large number of its freight cars are in bad order; and (b) continuing increase in transportation in all the territory served by the applicant, and the prosperity of large parts of the territory it serves being wholly dependent on the proper handling of peak loads of the Georgia fruit traffic.

Said applications were accompanied by such facts as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

After investigation, the Commission finds that the making in whole by the United States of the proposed loan of \$815,000 for the aforesaid purpose is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

65 I. C. C.

Certificate No. 12 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$815,000 by the United States to the Central of Georgia Railway Company, hereinafter referred to as the applicant, for the purpose of providing the applicant with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$815,000.

4. That the time from the making thereof, within which the loan is to be repaid, is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for payment, are as follows: The loan is to be evidenced by applicant's 30 notes, of even date with the making of the loan, with interest at the rate of 6 per cent per annum, payable semi-annually. These notes are to be secured by a second lien on the equipment subordinate only to the first lien on the same equipment to secure equipment note for the balance of the purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor to be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured, title to the equipment not to pass to applicant, nor from the trustee for the benefit of the United States, until the loan from the United States has been paid in full and applicant had fulfilled all its obligations in regard thereto. The loan from the United States to be further secured by the pledge of (a) bonds, Ocean Steamship Company of Savannah, \$11,000; (b) bonds, United States, 1917 first liberty loan, \$55,200, United States 1917 second liberty loan, \$54,450, and United States 1918 fourth liberty loan, \$100,000, and by (c) the indorsement of the government notes, or of the equipment notes supporting the government notes, by the Illinois Central Railroad Company, as surety. (d) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States shall not

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exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 21st day of July, 1920.

65 I. C. C.

FINANCE DOCKET No. 17.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY FOR AUTHORITY TO CONTINUE TO ISSUE STOCK IN EXCHANGE FOR CONVERTIBLE BONDS.

Submitted July 27, 1920. Decided July 28, 1920.

Authority granted as of June 28, 1920, to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of 50-year 4 per cent convertible gold bonds in accordance with the terms of a certain indenture dated June 1, 1910.

S. T. Bledsoe for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Atchison, Topeka and Santa Fe Railway Company has petitioned this Commission for authority under section 20a of the interstate commerce act to continue the issue of its common capital stock in an additional amount, which shall not exceed \$9,243,000 par value, in exchange for and against the surrender and cancellation of an equal amount in par value of its 50-year 4 per cent convertible gold bonds, issue of 1910, in accordance with the terms of an indenture dated June 1, 1910, under which said bonds were issued; and full investigation of the matters and facts therein involved having been had; and it further appearing that under the terms of said indenture the entire bond issue thereunder will become due and payable on default of said exchange on demand; and it further appearing that notice of said petition has been given to and copy thereof filed with the governor of each state in which said carrier operates, as provided in aforesaid section; and the Commission, after due consideration of all the evidence submitted, being of the opinion that said petition should be allowed:

It is ordered, That the Atchison, Topeka & Santa Fe Railway Company be, and it is hereby, authorized to continue, in accordance with and pursuant to the terms of said indenture dated June 1, 1910, between petitioner and the Guaranty Trust Company of New York, trustee, a true copy of which is on file in this proceeding, the issue of

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its common capital stock in an additional amount not exceeding \$9,243,000 par value, out of the remaining duly authorized and unissued shares of the 436,860 shares, of the aggregate par value of \$43,686,000, reserved for the purpose under the aforesaid indenture dated June 1, 1910, in exchange for and against the surrender and cancellation of an equal amount in par value per share at the time of conversion of its 50-year 4 per cent convertible gold bonds, issue of 1910, at any time before June 1, 1923, but not later, or, if before that date said bonds at the time outstanding are called for redemption as provided in said indenture, then one day prior to the redemption date.

It is further ordered, That all of said common capital stock reserved but not issued by midnight of May 31, 1923, as provided in the indenture dated June 1, 1910, shall be issued or disposed of only on order from this Commission.

And it is further ordered, That this order take effect on the 28th day of June, A. D. 1920, and continue in force until otherwise ordered or amended by the Commission.

65 I. C. C.

FINANCE DOCKET No. 965.

IN THE MATTER OF THE APPLICATION OF THE GREAT NORTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted June 21, 1920. Decided July 28, 1920.

Application granted in part and loan of \$17,910,000 approved.

E. C. Lindley for applicant.

REPORT OF THE COMMISSION.

DIVISION 4: COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Great Northern Railway Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on May 22, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to meet its maturing indebtedness and to provide itself with equipment and other additions and betterments; and on June 21, 1920, it filed with the Commission a supplemental application, pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the act.

In the application, as supplemented, the carrier sets forth:

1. That the amount of the loan desired is \$28,000,000.
2. That the term for which it is desired is 15 years.
3. That the proposed loan is to provide for the purchase of new equipment and other additions and betterments and the retirement of maturing obligations as follows:

45 heavy mikado locomotives, at \$60,000 each.....	\$2, 750, 000
1,000 75-ton ore cars, at \$2,550 each.....	2, 550, 000
Strengthening existing equipment.....	200, 000
Other additions and betterments.....	2, 370, 000
Maturities (3-year collateral-trust gold notes maturing Sept. 1, 1920) -	20, 000, 000
Unitemized.....	130, 000
Total.....	28, 000, 000

4. That the use to which the loan will be applied is the financing of the purchase of the aforesaid new equipment, the making of the aforesaid additions and betterments, and the retirement of the aforesaid maturities.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is such portion as is necessary, but not exceeding 125 per cent, of the amount loaned of the applicant's first and refunding $4\frac{1}{2}$ per cent gold bonds.

7. That without the additional equipment to be bought and without the other additions and betterments proposed and without the maintenance of its credit by the prompt retirement of the maturities referred to, the applicant will be unable to meet the demands on it for freight transportation, and to the extent that the loan will furnish necessary aid in supplying its needs, the public convenience and necessity will be served.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan be made to the applicant of \$1,375,000 for the purchase of freight and switching locomotives, \$637,500 for the purchase of freight-train cars, and \$1,550,060 for additions and betterments to promote the movement of freight cars.

After investigation, the Commission finds that the proposed loan should be made in part, as follows:

Purpose.	Estimated cost.	Amount approved.
Equipment:		
Purchase of 45 heavy standard minkado locomotives.....	\$2,750,000	\$1,375,000
Purchase of 1,000 75-ton hopper-bottom steel ore cars, with quick-dumping device.....	2,580,000	635,000
Total for new equipment.....	5,330,000	2,010,000
Other additions and betterments:		
Strengthening existing equipment.....	200,000	100,000
Fencing right of way where lack of fences would cause delays to traffic.....	100,000	50,000
Cottages for housing employees at Whitefish, Mont.....	100,000	50,000
Car-repair sheds in the state of North Dakota.....	400,000	200,000
Additional yard tracks at Aliouas, Wis., and Hillyard, Wash., and other miscellaneous passing and station tracks needed to relieve congestion which delays traffic.....	600,000	300,000
Additional or improved water supply at Devon, Mont., and miscellaneous points where necessary to reduce delays incident to inadequate water supply.....	100,000	50,000
Shop buildings and tools at Whitefish, Mont., engine terminal, and elsewhere where necessary to facilitate the handling of engines or other rolling equipment.....	300,000	150,000
Total for additions and betterments.....	1,800,000	900,000
Maturing indebtedness:		
Great Northern Railway Company's collateral-trust notes, due September 1, 1920.....	20,000,000	15,000,000
Total for maturities.....	20,000,000	15,000,000
Total for all purposes.....	27,130,000	17,910,000

The loan of \$15,000,000 to aid in meeting maturing indebtedness is made in view of the fact that, in addition to the indebtedness of approximately \$20,000,000 falling due in 1920, the applicant will be required to finance its part of the Great Northern-Northern Pacific joint 4s, maturing July 1, 1921, in the aggregate sum of about \$214,000,000. The loan of \$15,000,000 recommended in this respect is to be repaid in one year from the time of the making thereof and not later than September 1, 1921, and will therefore be available to meet the demands of other carriers for loans before the expiration of the period provided by law for the disbursement of the revolving fund. The making of this loan of \$15,000,000 for the purpose and period indicated is recommended by the Association of Railway Executives.

The Commission further finds that the loan by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 13 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$17,910,000 by the United States to the Great Northern Railway Company, hereinafter referred to as the applicant, to aid in meeting its maturing indebtedness, consisting of its three-year collateral-trust notes due September 1, 1920, and for the purpose of providing it with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$17,910,000.

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4. That the time from the making thereof within which the loan is to be repaid in full is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for payment, are as follows. The loan is to be divided into three parts:

(a) One part to aid in the purchase of locomotives and cars.....	\$2, 010, 000
(b) One part to aid in strengthening existing equipment, \$100,000; and for other additions and betterments, \$800,000.....	900, 000
(c) One part to aid in meeting maturing indebtedness.....	15, 000, 000
Total.....	17, 910, 000

That part of the loan to aid in the purchase of equipment (item a) is to be evidenced by the applicant's fifteen notes for \$134,000 each, payable, respectively, in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of said part of the loan, with interest at the rate of 6 per cent per annum, payable semi-annually. These notes are to be secured by a second lien on the equipment subordinate only to the first lien on the same equipment to secure equipment notes for the balance of purchase price to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor shall be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured. Title to the equipment shall not pass to the applicant, nor from the trustee for the benefit of the United States, until the loan from the United States has been paid in full and applicant has fulfilled all its obligations in regard thereto.

That part of the loan to aid in the making of additions and betterments (item b) is to be evidenced by the applicant's four notes for \$225,000 each, payable respectively in three, four, five, and six years from the making of this part of the loan, with interest at the rate of 6 per cent per annum, payable semiannually.

That part of the loan to aid in meeting maturing indebtedness (item c) is to be evidenced by the applicant's note for \$15,000,000, payable not more than one year from the making of this part of the loan and not later than September 1, 1921, with interest at the rate of 6 per cent per annum, payable semiannually.

All of said loans are to be further secured by the pledge as collateral security of a total of \$22,387,000 par value of Great Northern Railway Company first and refunding mortgage 50-year 4½ per cent bonds due July 1, 1961, now held in the applicant's treasury. The bonds pledged as collateral security shall be released proportionately as installments are paid.

The applicant shall have the privilege of paying any or all installments or any or all parts of the loan, with accrued interest, at any time before maturity.

As further conditions precedent to the making of the loan, the applicant shall agree (1) on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and shall further agree that the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States shall be applicable in like manner to secure the payment of any and all such loans and advances; (2) to furnish on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, of the additions and betterments made with or in connection with the funds provided by this loan for said purposes. In event any part of this loan for additions and betterments shall not have been expended or definitely obligated for the purposes for which loaned on or before July 1, 1921, the Secretary of the Treasury may declare such unexpended portion due and payable at once; (3) that the amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith; (4) that no part of said loan for additions and betterments shall be used for purposes which under the accounting regulations of the Commission might or would be chargeable to accounts other than those prescribed in the present classification of investment in road and equipment of steam roads; and (5) the applicant shall apply for a loan in respect of and shall agree to construct or purchase 500 refrigerator cars, one-fourth of the cost of which shall be financed by a loan from the United States and three-fourths of the cost of which shall be financed by the applicant.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources, except at excessive rates of interest.

Done at Washington, D. C., this 28th day of July, 1920.

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FINANCE DOCKET No. 16.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES AND TO ISSUE AND PLEDGE BONDS.

Submitted July 28, 1920. Decided July 29, 1920.

Authority granted (1) to issue \$5,800,000 of three-year 8 per cent secured gold notes, and (2) to issue \$8,700,000 of first and refunding mortgage 5 per cent bonds as collateral security for said three-year 8 per cent secured gold notes and convertible therefor.

Lawrence Greer and Louis F. Timmerman for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That the Western Maryland Railway Company has applied to this Commission, under section 20a of the interstate commerce act, for an order authorizing it to issue its three-year 8 per cent secured gold notes in a principal amount of \$5,800,000, to be dated August 1, 1920, and to mature on August 1, 1923, and also for an order authorizing it to issue its first and refunding 5 per cent mortgage bonds in a principal amount of \$8,700,000, dated July 1, 1917, to mature July 1, 1967, and to deposit and pledge such first and refunding mortgage bonds as collateral security for said \$5,800,000 secured notes under a trust indenture to be executed by said Western Maryland Railway Company to the Bankers Trust Company (of New York), to be dated August 1, 1920; and

It further appearing, That the application was made in such form and contained such matters as the Commission prescribed and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates, as required by section 20a, and that no objection to the issue by the Commission of an order

granting the application has been offered by the railroad commission, public service or utilities commission, or other appropriate state authority of any of such states; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issues by the Western Maryland Railway Company (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the issue by the applicant of \$5,800,000 of three-year 8 per cent secured gold notes, to be dated August 1, 1920, and maturing on August 1, 1923, bearing interest at the rate of 8 per cent per annum, payable semiannually on the 1st day of February and of August in each year; and the issue of \$8,700,000 of its first and refunding mortgage 5 per cent bonds, to bear date July 1, 1917, maturing July 1, 1967; and the deposit and pledge of said bonds under aforesaid trust indenture to be dated August 1, 1920, and to be executed by applicant to the Bankers Trust Company (of New York), as collateral security for the three-year 8 per cent secured gold notes, all of which is more fully set forth in said application as amended and supplemented, and in said trust indenture, a true copy of which is on file in this proceeding, be, and they are hereby, authorized and approved.

It is further ordered, That upon the advertisement of notice as provided in the trust indenture, the applicant shall have the right at any time before the maturity of said three-year 8 per cent secured gold notes to redeem and pay off all, but not any part, of said notes then outstanding, by the payment of the principal amount thereof, together with accrued interest thereon to the date of redemption, and at any time prior to the maturity of the notes, or any of them, the holders thereof may have the option to exchange or convert them into first and refunding mortgage bonds at the rate of \$1,000, face value, of first and refunding mortgage bonds, with all unmatured coupons thereunto appertaining, for each \$730, face value, of notes, with an adjustment of accrued interest as between the notes and bonds to the date of the exchange or conversion.

It is further ordered, That \$800,000 par value of said three-year 8 per cent secured gold notes, or the proceeds thereof, shall be used for the purpose of retiring a like amount of par value of a total of \$1,000,000 of the first-mortgage 5 per cent bonds of the Coal & Iron Railway Company dated August 1, 1900, maturing August 1, 1920,

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issued under a mortgage dated July 2, 1900, to the Mercantile Trust & Deposit Company of Baltimore, as trustee, the payment of the principal and interest upon the last-mentioned bonds having been assumed by applicant; and that \$5,000,000 par value of said notes, or the proceeds thereof, shall be used for the purpose of retiring a like amount of par value of three-year 8 per cent notes of the applicant, dated November 1, 1917, maturing November 1, 1920, issued under a certain trust indenture dated November 1, 1917, to the Bankers Trust Company (of New York), as trustee.

It is further ordered, That as a condition precedent to the issue of the three-year 8 per cent secured gold notes in the amount of \$5,800,000 the applicant shall pay in cash \$200,000 of the principal of \$1,000,000 of the first-mortgage 5 per cent bonds of the Coal & Iron Railway Company maturing on August 1, 1920, together with all the interest accrued and payable thereon at the time of their retirement. And as a further condition, the applicant carrier shall also pay in cash, on or before November 1, 1920, the interest accrued at the time of retirement of the \$5,000,000 of the three-year 7 per cent notes maturing November 1, 1920.

It is further ordered, That this order shall take effect on the 29th day of July, 1920, and continue in force until otherwise ordered by this Commission.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said three-year 8 per cent secured gold notes and said first and refunding mortgage bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1036.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted July 24, 1920. Decided July 29, 1920.

Application granted in part and loan of \$300,000 approved.

M. C. Byers for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Western Maryland Railway Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, and on June 15, 1920, amended and supplemented its said application, pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the said act. The application was further amended and supplemented July 1 and 22, 1920.

In the application, as amended and supplemented, the carrier sets forth:

1. That the amount of the loan desired is \$1,672,800.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to assist the applicant in purchasing new equipment, providing itself with additions and betterments, and in meeting maturities.
4. That the uses to which the loan will be applied are those indicated by the purposes hereinbefore stated.
5. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.
6. That the security offered for the various amounts loaned is as follows: For the amount loaned for equipment, a second lien upon

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the equipment and applicant's first and refunding mortgage bonds; for additions and betterments, first and refunding mortgage bonds; for maturities, the face amount of applicant's three-year 8 per cent secured notes for the amount loaned.

7. The extent to which the public convenience and necessity will be served by the loan.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

After investigation, the Commission finds that the making in part of the proposed loan—\$300,000 to assist the applicant in providing, to the extent of \$800,000, principal amount, for the retirement of \$1,000,000, principal amount, first-mortgage 5 per cent bonds of the Coal & Iron Railway Company, due August 1, 1920, the balance of the amount required, to enable such retirement of \$1,000,000, principal amount of said bonds, to be payable by the applicant out of its cash resources by the United States for the aforesaid purposes—is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

The applicant's remaining requirements for equipment and additions and betterments, as set forth in its application, will have deferred consideration.

An appropriate certificate will be issued.

Certificate No. 14 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$300,000 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, for the purpose of assisting the applicant in meeting maturities, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$300,000.

4. That the time from the making thereof within which the loan is to be repaid is three years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are: The loan is to be evidenced by applicant's note for \$300,000, maturing in three years from the date thereof. The said note shall bear interest at the rate of 6 per cent per annum, payable semiannually, and shall be secured to the United States by pledge of the following-named securities, \$300,000, principal amount, of Western Maryland Railway Company three-year 8 per cent secured notes. The applicant shall agree, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and shall further agree that the securities, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, shall be applicable in like manner to secure the payment of any and all such loans and advances.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 29th day of July, 1920.

Amended Certificate No. 14 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$300,000 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, for the purpose of assisting the applicant in meeting maturities, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$300,000.

4. That the time from the making thereof within which the loan is to be repaid is three years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are that the loan is to be evidenced by applicant's note for \$300,000, maturing in three years from the date thereof. The said note shall bear interest at the rate of 6 per cent per annum, payable semiannually, and shall be secured to the United States by pledge of the following-named securities, \$300,000, principal amount, of Western Maryland Railway Company three-year 8 per cent secured notes. The applicant shall agree, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and shall further agree that the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for lease made under section 210 of the transportation act, 1920, shall be applicable in like manner to secure the payment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done at Washington, D. C., this 5th day of August, 1920.

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FINANCE DOCKET No. 919.

IN THE MATTER OF THE APPLICATION OF THE ANN
ARBOR RAILROAD COMPANY FOR A LOAN FROM THE
UNITED STATES TO AID IN ACQUIRING LOCOMOTIVES.

Submitted July 13, 1920. Decided August 3, 1920.

Application granted and a loan of \$35,000 approved.

Newman Erb for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Ann Arbor Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 13, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, as amended.

In said application said carrier sets forth:

1. That the amount of the loan desired is \$35,000.
2. That the term for which the loan is desired is five years.
3. That the purpose of the loan is to assist applicant in acquiring three switching locomotives by loaning it 80 per cent of the cost of the proposed locomotives, said cost being approximately \$116,775.
4. That the use to which the loan will be applied is as hereinbefore stated.
5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.
6. That the security offered is a second lien on the equipment to be acquired.
7. That the extent to which the public convenience and necessity will be served by the loan is that the acquisition of these locomotives will enable applicant properly to insure the prompt movement of cars in switching at terminals and division points which can not be done efficiently with its present equipment.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation,

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and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

No recommendation was made by the Association of Railway Executives respecting this loan.

The applicant proposes through arrangement made with the American Locomotive Company to provide an equipment-trust covering 50 per cent of the cost of the three switching locomotives proposed in the loan, for which it will issue first-lien equipment-trust notes for a like amount, payable in 36 monthly installments, and it further proposes to make a cash payment of 20 per cent of the cost of said equipment.

The average annual net income of applicant for the four years ending December 31, 1920, was approximately \$90,000. If the freight and passenger traffic earnings had been on the basis of the recent rate increases granted by the Interstate Commerce Commission, the average annual net income for the same period would have been \$1,311,600, this giving assurance of applicant's ability to meet its obligations to the United States in connection with this loan.

After investigation and consideration of applicant's proposal and other facts at hand, the Commission finds that the making of the proposed loan in the amount of \$35,000, which is approximately 80 per cent of the cost of three switching locomotives costing approximately \$116,775, by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources except at excessive rates of interest.

An appropriate certificate will be issued.

Certificate No. 15 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$35,000 by the United States to the Ann Arbor Railroad Company, hereinafter referred to as the 65 I. C. C.

applicant, for the purpose of aiding it to provide itself with three new switching locomotives, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$35,000.

4. That the time from the making thereof, within which the loan is to be repaid, is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are: The loan is to be evidenced by applicant's five notes, each for \$7,000, maturing in from one to five years from date thereof, as follows:

Note No. 1-----	\$7,000; maturing 1921.
Note No. 2-----	7,000; maturing 1922.
Note No. 3-----	7,000; maturing 1923.
Note No. 4-----	7,000; maturing 1924.
Note No. 5-----	7,000; maturing 1925.

The notes shall bear interest at 6 per cent per annum, payable semi-annually, and shall be secured by a second lien on the equipment, subordinate only to the first lien on the said equipment to secure the equipment notes for 50 per cent of the purchase price which are to be sold or offered to the public. The notes given to the United States or equipment notes deposited as collateral security therefor shall be secured by the same equipment-trust indenture or agreement of conditional sale by which the said equipment notes to be sold or offered to the public are secured; title to the equipment not to pass to the applicant nor from the trustee for the benefit of the United States until the loan from the United States has been paid in full and applicant has fulfilled all its obligations in regard thereto. As conditions precedent to the making of the loan, it shall be provided: (a) That the amount of said first-lien equipment-trust notes shall not exceed 50 per cent of the cost or purchase price of said equipment; (b) that said first-lien equipment-trust notes shall be repaid in three years, in 36 monthly installments; and (c) that evidence shall be submitted that applicant has made a cash contribution of 20 per cent of the cost of said equipment as proposed in its application. The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States, for

loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans and advances. Applicant shall have the privilege of paying any or all installments of the loan, with accrued interest, at any time before maturity.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources, except at excessive rates of interest.

Done in Washington, D. C., this 3d day of August, 1920.

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FINANCE DOCKET NO. 30.

IN THE MATTER OF THE APPLICATION OF THE ASHLAND COAL & IRON RAILWAY COMPANY FOR AUTHORITY TO ISSUE SHORT-TERM NOTES IN REFUND OF MATURING NOTES.

Submitted August 4, 1920. Decided August 6, 1920.

Authority granted for the issue of four-month 6 per cent promissory notes, aggregating \$150,000, for the purpose of refunding certain other notes.

John F. Hager for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

It appearing, That the Ashland Coal & Iron Railway Company, a common carrier engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to issue certain of its promissory notes, aggregating the sum of \$150,000, and maturing in less than two years from the dates thereof, in refund of the following short-term notes owing by said railroad company:

Date.	Maturity.	Payee.	Amount.
April 2, 1920.....	August 2, 1920....	Ashland National Bank, Ashland, Ky.....	\$18,000
April 5, 1920.....	August 5, 1920....	Ashland Iron & Mining Co., indorsed to First National Bank of Cincinnati.	15,000
April 12, 1920.....	August 12, 1920....	Ashland National Bank, Ashland, Ky.....	10,000
April 26, 1920.....	August 26, 1920....	do.....	10,000
April 26, 1920.....	August 26, 1920....	do.....	2,000
April 29, 1920.....	August 29, 1920....	Ashland Iron & Mining Co., indorsed to First National Bank of Cincinnati.	45,000
July 26, 1920.....	November 26, 1920.	do.....	50,000
Total.....			150,000

It further appearing, That the application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governor of the

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state of Kentucky, the only state in which said carrier operates, and that no objection to the issue by the Commission of an order granting the application has been offered by the railroad commission, or other appropriate authority of said state; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issues by the Ashland Coal & Iron Railway Company (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Ashland Coal & Iron Railway Company be, and it hereby is, authorized to issue its promissory note or notes up to a principal sum of \$150,000 for the sole purpose of refunding its hereinbefore-mentioned maturing notes in amounts of face value equal to the face value of notes to be issued from time to time, such note or notes to run for not more than four months from their respective dates and to bear interest at not exceeding 6 per cent per annum, provided that only such principal sum of such note or notes shall be issued as may be necessary to refund the notes as they mature and in amounts equivalent to the face value of notes to be refunded.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory note or notes, or interest thereon, on the part of the United States.

And it is further ordered, That this order shall take effect on the 2d day of August, A. D. 1920, and continue in force until otherwise ordered by the Commission.

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FINANCE DOCKET No. 950.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted June 18, 1920. Decided August 9, 1920.

Application granted in part and loan of \$1,125,000 approved.

W. H. Williams for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The Delaware & Hudson Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by section 210 of the act.

In the application the carrier sets forth:

1. That the amount of the loan desired is \$3,475,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to provide itself with equipment and additions and betterments as follows: Equipment purchase of passenger-train cars, including 15 milk cars, at estimated cost of \$1,225,000; additions and betterments to way and structures at estimated cost of \$2,250,000; total, \$3,475,000.
4. That the use to which the loan will be applied is as above stated.
5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.
6. That the security offered is \$3,475,000 of its 4 per cent first and refunding mortgage bonds, which are secured by mortgage dated May 1, 1908, and maturing in 1943, and stock of the following corporations owned by the applicant:

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Company.	Number of shares.	Par value per share.	Total par value.	Present value.
Northern Coal & Iron Company.....	2,000	\$100	\$200,000	\$200,000
Naperville Junction Railway Company.....	12,000	50	600,000	600,000
Greenwich & Johnsonville Railway Company.....	2,250	100	225,000	225,000
Chateaugay & Lake Placid Railway Company (Pfd.).....	30,000	100	3,000,000	1,996,000
Total.....			4,025,000	2,825,000

6. That the extent to which the public convenience and necessity will be served by the loan is that a saving of approximately 1,000 cars and 2 locomotives would be had and, in addition thereto, savings in operation costs would be entailed, and the efficiency and capacity of the railway would be correspondingly increased.

Said application was accompanied by such facts in detail as required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant as follows; additions and betterments to promote movement of cars, \$2,250,000.

After investigation, we find that the making in part to the applicant of the proposed loan in approximately the following amounts for additions and betterments to promote movement of cars:

Purpose.	Estimated cost.	Financed by applicant.	Per cent.	Loan by United States.
Elimination of Whitehall tunnel.....	\$500,000	\$250,000	50	\$250,000
New yard, Glenville.....	1,250,000	625,000	50	625,000
New yard, Port Henry.....	500,000	250,000	50	250,000
Total.....	2,250,000	1,125,000	50	1,125,000

by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

Further consideration will be given, upon separate application, to a loan to the applicant for the acquisition of 15 milk cars on condition that the applicant undertake to finance 75 per cent of the total cost thereof.

An appropriate certificate will be issued.

Certificate No. 16 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,125,000 by the United States to the Delaware & Hudson Company, hereinafter referred to as the applicant, for the purpose of making additions and betterments to promote the movement of cars, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,125,000.

4. That the time from the making thereof within which the loan is to be repaid is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

The loan shall be evidenced by the applicant's note or notes, aggregating \$1,125,000, payable 15 years from the date of the making thereof, with interest at the rate of 6 per cent per annum, payable semiannually, and shall be collaterally secured by pledge of the following securities: \$1,700,000, face value, of the applicant's first and refunding mortgage bonds due 1943.

The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as he may from time to time require; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligations of the said applicant to the United States for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans and advances.

The securities pledged or to be pledged as collateral security shall be released proportionately as installments are paid.

There shall be filed with the Secretary of the Treasury the opinion of counsel, who may be of counsel for the applicant, in respect of the security taken, which opinion shall show without doubt the corporate power to issue, give, and pledge such securities, the proper exercise of said corporate power, and the validity of the securities and of the pledge thereof. The opinion shall cover (a) the legality of organiza-

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tion and corporate power to issue, give, and pledge the securities; (b) the legality of authorization of the issue and pledge of the securities; (c) the legality of the issue of the securities and of the pledge thereof; and (d) the validity of the securities and of the pledge.

Applicant shall have the option of paying any or all installments of the loan, with accrued interest, at any time before maturity.

As a further condition precedent to the making of the loan, the amount to be financed by the applicant in connection therewith shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

The expenditures made from the loan shall be confined to such expenditures as are chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of accounts for steam roads in effect at the time the expenditures are made. No part of said loan shall be used for expenditures chargeable to operating expenses or to accounts other than those provided for investment in road and equipment.

The applicant shall furnish to the Commission on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and cost of the additions and betterments made with or in connection with the funds provided by this loan for said purposes. In event any part of this loan for additions and betterments shall not have been expended or definitely obligated for the purposes for which loaned on or before July 1, 1921, the Secretary of the Treasury, upon recommendation of the Commission, may declare such part due and payable at once.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources except at excessive rates of interest.

Done in Washington, D. C., this 10th day of August, 1920.

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FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted August 6, 1920. Decided August 10, 1920.

Application granted in part and loan of \$997,830 approved.

S. M. Felton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago Great Western Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 13, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, and on June 23, 1920, applicant amended and supplemented its application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by section 210 of the act.

In the application, as amended and supplemented, the carrier sets forth:

1. That the amount of the loan desired is \$804,500.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to provide funds for the purchase of new equipment and for the making of other additions and betterments as follows:

	Total cost.	Requested.
Freight equipment (new)-----	\$552, 000	\$276, 000
Express and mail cars (new)-----	170, 000	85, 000
Additions and betterments to existing freight equipment..	477, 000	238, 500
Additions and betterments to roadway, shops, and freight and passenger stations-----	410, 000	205, 000
Total-----	1, 609, 000	804, 500

4. That the use to which the loan will be applied is financing the purchase of the new equipment and the making of the other additions and betterments as and to the extent aforesaid.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is the applicant's first-mortgage 50-year 4 per cent gold bonds of such amount as, in the judgment of the Commission, will furnish adequate value to protect the loan.

7. That the extent to which the public convenience and necessity will be served by the loan is that the applicant will be enabled to handle all traffic offered without the delays or congestions which are now frequent.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

After the submission of the amended application the applicant, in its telegram of June 24, 1920, stated that the total estimated cost of rebuilding the equipment, for which loan had been requested, is \$832,660, instead of \$477,000, as previously stated, and that a loan of the entire amount, \$832,660, is desired. In a telegram of July 20, 1920, applicant added to the items for which loan is desired the cost of rebuilding 30 coal cars, estimated at \$270,000, and the cost of heavier rail, amounting to \$500,000. It requested a loan for the full amount of those added items and withdrew from consideration the request for aid in acquiring passenger equipment and improving freight and passenger stations. As revised by these telegrams, the amounts of loan desired and amounts of loan recommended by the Association of Railway Executives are as follows:

Item.	Estimated cost.	Loan requested.	Loan recommended
Freight equipment (new).....	\$552,000	\$276,000	\$276,000
Additions and betterments to existing freight equipment.....	1,142,660	1,142,660	1,142,660
Additions and betterments to ways and structures.....	801,000	650,500	150,500
Total.....	2,495,660	2,069,160	1,569,160

The difference between the total of loan as finally requested by the applicant and as recommended by the Association of Railway Executives is explained by the absence of recommendation by the railway executives of a loan of \$500,000 for the purchase of new rail.

After investigation the Commission finds that the making of a loan to the applicant for the purposes and in the amounts herein below stated.

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Purpose.	Estimated cost.	To be loaned.
<i>Equipment.</i>		
Purchase of 10 heavy freight locomotives.....	\$552,000	\$376,000
Total for equipment.....	552,000	376,000
<i>Other additions and betterments.</i>		
To 500 box cars by adding metal roofs, steel draft arms and gears, built-up steel bolsters, and improved uncoupling devices.....	1,142,660	571,330
To 147 box cars by adding new draft gears.....		
To 50 box cars by adding new bolsters.....		
To 200 steel hopper cars by adding new bodies.....		
To 75 refrigerator cars by adding cover plates and angle-arm reinforcements to draft members.....		
To 57 refrigerator cars by adding new draft gears.....	120,000	60,000
Miscellaneous improvements to 300 coal cars.....		
Installation of additional yard tracks in yards at or near Oelwein, Iowa.....	181,000	90,500
Installation of additional shop and roundhouse equipment, including a 400-horse-power boiler, and other power-plant improvements at Oelwein, Iowa, and larger turntables at Chicago, Ill., and Des Moines, Iowa, than are now there, to handle larger engines.....		
Total for additions and betterments.....	1,995,660	997,830

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources except at excessive rates of interest.

The request of the applicant for a loan of \$500,000 for the purchase of new rail was not accompanied by information as to the extent to which the loan would facilitate the movement of cars, and as to the plan and details of cost of the work proposed, in accordance with the Commission's circular of June 7, 1920. The Association of Railway Executives has not recommended a loan to the applicant for the foregoing purpose. The Commission is of the opinion, therefore, that consideration of the applicant's request for a loan for the purchase of new rail should be deferred.

An appropriate certificate will be entered.

Certificate No. 17 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$997,880 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, for the purpose of providing it with equipment

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and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which shall be made is \$997,830.

4. That the time from the making thereof within which the loan shall be repaid shall be 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, shall be:

The loan shall be evidenced by applicant's note for \$997,880, maturing in 15 years from the date thereof; said notes shall bear interest at 6 per cent per annum, payable semiannually, and shall be further secured to the United States by the pledge of the applicant's first-mortgage 4 per cent gold bonds, due September 1, 1959, in the sum of \$2,494,000.

There shall be filed with the Secretary of the Treasury the opinion of counsel, who may be of counsel for the applicant, in respect to the security taken, which opinion shall show without doubt the corporate power to issue, give, and pledge such security, the proper exercise of said corporate power, and the validity of the securities and of the pledge thereof. The opinion shall cover (a) the legality of the organization and corporate power to issue, give, and pledge the securities; (b) the legality of authorization of the issue and pledge of the securities; (c) the legality of the issue of the securities and of the pledge thereof; and (d) the validity of the securities and of the pledge thereof.

The applicant shall have the privilege of paying any part or all of the loan, with accrued interest, at any time before maturity. The bonds pledged as collateral security shall be released proportionately as the loan is paid.

The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as he may from time to time require, and the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans and advances.

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The applicant shall furnish to the Commission on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and cost of the additions and betterments made with or in connection with the funds provided by this loan for said purposes. In event any part of this loan for additions and betterments shall not have been expended or definitely obligated for the purposes for which loaned on or before July 1, 1921, the Secretary of the Treasury, upon recommendation of the Commission, may declare such part due and payable at once.

The cost to the applicant of any loan which may be secured from sources other than the United States for use in connection with this loan shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

No part of said loan for additions and betterments shall be used for purposes which, under the accounting regulations of the Commission, might or would be chargeable to accounts other than those prescribed in the present classification of investment in road and equipment of steam roads.

As a further condition precedent to the making of the loan, the board of directors or executive committee of the applicant shall by resolution authorize the acceptance of the loan under the conditions herein imposed, and the applicant shall file with the Secretary of the Treasury a duly certified copy of such resolutions.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources except at excessive rates of interest.

Done in Washington, D. C., this 10th day of August, 1920.

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FINANCE DOCKET No. 1.

IN THE MATTER OF LEASE OF THE VALLEY TERMINAL
RAILWAY PROPERTY.

Submitted July 8, 1920. Decided August 13, 1920.

1. In section 5 of the interstate commerce act Congress provided a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation, or by entering into any agreement for the pooling of freight or earnings with a competing railroad.
2. The lease submitted by the applicant carriers, by which the Valley Terminal Railway leases to the St. Louis Southwestern Railway Company all the property now owned or hereafter acquired by the Valley Terminal, is lawful only if, and to the extent that, it is approved by us.
3. Said lease approved for a period of two years from March 1, 1920. Provision for indefinite continuance of the lease beyond the term of two years until terminated by mutual agreement of the parties in writing, disapproved.

Daniel Upthegrove and L. O. Whitnel for St. Louis Southwestern Railway Company and Valley Terminal Railway.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

The St. Louis Southwestern Railway Company, hereinafter termed the Cotton Belt, and the Valley Terminal Railway, hereinafter called the Valley Terminal, seek authority under paragraph (2) of section 5 of the interstate commerce act for approval by us of a lease to the Cotton Belt of all the property now owned or hereafter acquired by the Valley Terminal.

The Cotton Belt owns a line extending from the state line between Texas and Arkansas at Texarkana, where it connects with that of the St. Louis Southwestern Railway Company of Texas, through Arkansas and Missouri to Illmo, Mo. At that point its line connects with the tracks of the Southern Illinois & Missouri Bridge Company, in which it has a one-fifth interest. Its trains cross to Thebes, Ill., on the east bank of the Mississippi, on the tracks of the bridge

company, and reach Valley Junction, in East St. Louis, Ill., over the tracks of the Missouri Pacific Railroad Company under a trackage agreement permitting it to operate its trains over that line from the connection with the bridge company's tracks at Thebes to Valley Junction, a distance of 119.26 miles. The trackage agreement was made on September 8, 1904, with the St. Louis, Iron Mountain & Southern Railway Company, whose property was secured by the Missouri Pacific as a result of foreclosure proceedings; and by supplemental agreement, dated April 28, 1909, the duration of the contract was extended for a term of 50 years from September 8, 1904.

The Valley Terminal was organized under the general railroad laws of the state of Illinois. It is a nonoperating company whose property is used in interstate commerce. Its authorized capital stock of \$5,000, which is fully paid, is owned by the Cotton Belt, except for qualifying shares of the directors. There is a substantial identity between the officers of the Cotton Belt and those of the Valley Terminal. The Valley Terminal has given its notes for \$840,431.64 to the Cotton Belt for cash advanced by the latter and used in the purchase and construction of the property of the Valley Terminal. There are no other securities outstanding, and with the exception of a few undetermined items, which the Cotton Belt assumes under the lease, the latter road is the only creditor of the Valley Terminal.

Subsequent to the execution of the trackage agreement with the St. Louis, Iron Mountain & Southern, the latter constructed yards and terminals about 7 miles south of East St. Louis, called the Dupo-Bixby yards, and the Cotton Belt acquired the right to joint use of said yards. As the business of the two roads increased, these yards became inadequate for such use. The Iron Mountain, and later the Missouri Pacific, controlled the yards, and the service was particularly unsatisfactory to the Cotton Belt. This was explained in some detail at the hearing, but it is sufficient to state that the service was considerably delayed, particularly in severe weather, that great difficulty was experienced in repairing bad-order cars, and that the Cotton Belt was unable to utilize its cars and locomotives as effectively as it could have done with adequate terminal facilities.

Accordingly, the Valley Terminal was incorporated on July 24, 1913, for the purpose of acquiring necessary land and constructing yards, terminals, and facilities for the Cotton Belt at East St. Louis, Ill. Apparently the reason for the organization of a separate corporation was that the property of the Cotton Belt was covered by four mortgages, each of which contained a provision making its terms apply to property thereafter acquired by that road. After some investigation of the sites available, the one now occupied was selected for the reasons, among others, that it was convenient to East St.

Louis, that there was room to switch trains of 100 cars, and that there was room for extension of the terminal facilities should it become necessary.

The Valley Terminal acquired 126.095 acres of ground and had, by September 1, 1918, completed the construction on the land so acquired of certain tracks, sidetracks, spur tracks, and other tracks, and a station, platform, roundhouse, water tank, and other facilities necessary for a well-equipped terminal. All ordinary repairs to equipment can be made at the terminal.

Upon the completion of the terminal, the President, on September 1, 1918, through the Director General of Railroads, took over the possession, use, and control of all of the property of the Valley Terminal and held it under federal control until March 1, 1920.

The stockholders and directors of the Cotton Belt and the Valley Terminal have authorized the lease and it was executed by the officers of the respective companies on March 29, 1920. It was testified that the carriers have complied with the requirements of the states of Illinois and Missouri in the premises. No one appeared at the hearing to oppose the approval of the lease. The substance of the lease is indicated in the margin.¹

Owing to the necessity for giving 30 days' notice to the Missouri Pacific that it would no longer use the Dupu-Bixby yards, the lease did not become effective until April 1, 1920. Since that time the applicant carriers have operated under the terms of the lease. Evidence was introduced by the officers in charge of operation on the Cotton Belt which shows that the use of the Valley Terminal yards

¹ The lease provides, in substance, that in consideration of the sum of \$1, and of the performance of the covenants and stipulations therein set forth, the Valley Terminal lets to the Cotton Belt all of its property, yards, and terminals described in the lease, and, also, all other property which it may hereafter acquire or construct, "for two years from and after March 1, 1920, and thereafter until this contract shall be terminated by the mutual agreement, in writing, of the parties hereto"; that the Cotton Belt will extend the payment of any indebtedness incurred by the Valley Terminal in connection with the construction of the terminal and will pay the interest of said indebtedness when due; that the Cotton Belt will pay all taxes on the property leased, as well as all sums necessary to keep up and maintain the corporate existence and organization of the Valley Terminal; that the Cotton Belt shall, at its own cost, operate and maintain said yards and terminals and furnish adequate service to the public; that the Cotton Belt shall have the right to fix all rates and charges for services performed in the operation of said yards and terminals, so far as the law permits, and shall receive all of such earnings; that the Valley Terminal may, with the written consent of the Cotton Belt, grant any other company or companies the right to use said yards and terminals, but in such event all amounts paid for such use shall accrue to the Cotton Belt; that the Cotton Belt shall protect and indemnify the Valley Terminal from and against any and all claims for damages; that the Valley Terminal shall acquire in its own name such lands and other property and construct such additional tracks and structures as may hereafter be found necessary, all of which shall be included in the lease, the Cotton Belt to provide the necessary funds and to pay the interest required to be paid thereon; and that upon the effective date of the lease the Cotton Belt shall receive all of the current assets of the Valley Terminal and assume all of the current liabilities of said company except its indebtedness to the Cotton Belt.

has enabled the Cotton Belt to perform more expeditious and efficient service for the public.

The station of the Cotton Belt at which freight to or from St. Louis, Mo., is delivered or received is in a section known as north St. Louis. Ordinarily the movement between this station and the Valley Terminal yards is performed by the Terminal Railroad Association of St. Louis and its subsidiary, the Wiggins Ferry Company. The service was also performed for the Cotton Belt by these terminal roads when the former used the Dupo-Bixby yards. Owing to the increased facilities at the Valley Terminal yards and the fact that they are about 5 miles nearer to East St. Louis, cars are ordinarily delivered to connecting lines on the day of arrival at the yards, as against an average of three days to move through the Dupo-Bixby yards. Service to Dallas and Fort Worth, Tex., and other points in the southwest is not only more expeditious but more regular and dependable. The withdrawal of the Cotton Belt from the Dupo-Bixby yards has also increased the facilities available to the Missouri Pacific.

The Valley Terminal owns no locomotives or cars. It was constructed to provide adequate terminal facilities for the Cotton Belt at East St. Louis and is in no way a parallel or competing railroad. The purpose of the lease is to avoid the inconvenience and expense of maintaining a separate operating force for the Valley Terminal.

The prayer of the application is that we determine whether or not it is necessary for the applicants to secure our approval of the lease dated March 29, 1920; and, if such approval is necessary, that we authorize and approve such lease.

Paragraph (1) of section 5 deals with the pooling of freight and the division of aggregate or net earnings of such carriers under the circumstances there described; paragraph (2) deals with the acquisition by a carrier engaged in interstate commerce of the control of another such carrier "either under a lease or by the purchase of stock or in any other manner not involving the consolidation of such carriers into a single system for ownership and operation"; and by paragraph (6) it is made lawful for two or more such carriers to "consolidate their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership, management, and operation" under the conditions there prescribed. Paragraph (8) relieves the carriers affected by any order made under the preceding paragraphs of the section from the operation of the "anti-trust laws" in so far as may be necessary to enable them to do anything authorized or required by any order made under and pursuant to such provisions.

It seems evident that Congress had in mind a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation, or whereby they might enter into an agreement for the pooling of freight or earnings with a competing railroad. In other words, Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon us the duty of determining, after hearing, whether or not the conditions of the section have been or will be fulfilled and the proposed arrangement is in the public interest. Without now passing on the question as to whether the provisions of section 5 are exclusive or whether in cases where the right and power to consolidate or lease existed prior to the passage of the act such right continues and it is not necessary to comply with section 5, we think in the case before us it is proper to take jurisdiction. The evidence shows that at the present time the operation of the property of the Valley Terminal by the Cotton Belt is in the public interest.

On the other hand, while the specific term named by the lease is only for two years from March 1, 1920, the lease is by its terms to continue in effect until terminated by the mutual agreement in writing of the parties. This provision introduces an element of indefiniteness beyond the period of two years which renders uncertain the time of the lease which may be relatively long or short, dependent upon the future understanding of the parties.

Upon consideration of the record, we are of opinion and find that the acquisition for the period of two years from March 1, 1920, by the Cotton Belt of control of the Valley Terminal under the lease submitted for approval will be in the public interest, and authorize and approve such acquisition. We do not approve the provision for indefinite continued operation after the two-year period. The applicant carriers should, in season for a proper consideration, submit a supplemental application for such supplemental order under section 5 as is deemed necessary or appropriate if they desire to extend the term of the lease beyond the period herein approved.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application, and full investigation of the matters and things involved therein having been had, and the said Division having, on the date hereof, made and filed a
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report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the St. Louis Southwestern Railway Company of control of the Valley Terminal in accordance with the provisions of the lease submitted for approval by the Interstate Commerce Commission is approved for a period of two years from March 1, 1920.

It is further ordered, That copies of this report and order be served upon the applicant carriers, that copies be sent by registered mail to the governor of the state of Illinois and to the Public Utilities Commission of Illinois, and that a copy be deposited in the office of the Commission's secretary at Washington, D. C.

65 I. C. C.

FINANCE DOCKET NO. 14.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & PORTSMOUTH BELT LINE RAILROAD COMPANY FOR AUTHORITY TO ISSUE A NOTE.

Submitted August 11, 1920. Decided August 13, 1920.

Authority granted for the issue, as of July 16, 1920, of a one-year 6 per cent note for \$150,000.

Thomas H. Wilcox for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

It appearing, That the Norfolk & Portsmouth Belt Line Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to issue its promissory note for \$150,000, to be dated July 16, 1920, and to mature one year from the date thereof, payable to the Norfolk National Bank, of Norfolk, Va., or order, and bearing interest at the rate of 6 per cent per annum, in order to renew a note issued by the applicant July 16, 1917, payable three years thereafter to the same payee in the same amount; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governor of the state of Virginia, the only state in which the applicant operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the State Corporation Commission or other appropriate state authority; and

It further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issue by the Norfolk & Portsmouth Belt Line Railroad Company (a) is for a lawful object within its corporate

purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose; and (c) that the principal amount of said issue, together with all other outstanding notes of a maturity of two years or less aggregates more than 5 per cent of the par value of the securities of said Norfolk & Portsmouth Belt Line Railroad Company outstanding at date of said application.

It is therefore ordered, That the applicant be, and it is hereby, authorized to issue, as of July 16, 1920, its promissory note for a principal amount of \$150,000, to be dated July 16, 1920, and to mature one year from the date thereof, payable to the Norfolk National Bank of Norfolk, Va., or order, and bearing interest at the rate of 6 per cent per annum, all of which is more fully set forth in said application and in the evidence taken at the hearing aforementioned.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory note, or interest thereon on the part of the United States.

65 I. C. C.

FINANCE DOCKET NO. 989.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Submitted June 26, 1920. Decided August 14, 1920.

Application granted in part and loan of \$8,000,000 approved.

C. G. Austin, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

By DIVISION 4:

The Chicago & Western Indiana Railroad Company, hereinafter called the applicant, is a carrier by railroad subject to the interstate commerce act. On May 19, 1920, it made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to enable it to meet its maturing indebtedness, and to provide itself with additions and betterments, and on June 26, 1920, filed with the Commission an amended and supplemental application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the act.

In the application as amended and supplemented the applicant sets forth:

1. That the amount of the loan desired is \$18,000,000.
2. That the term for which it is desired is 15 years.
3. That the purposes and uses of the loan are to meet its maturing indebtedness and provide additions and betterments as follows: (a) To pay applicant's outstanding collateral-trust gold notes dated September 1, 1917, due September 1, 1920, \$16,000,000, and (b) to pay the total cost of additions, improvements, and betterments aggregating \$2,000,000, as follows:

Additions to boiler and air-compressor capacity of power house at Forty-eighth street, Chicago, Ill.....	\$165,000
Betterments on wheel lathes at Fifty-first street coach yard, Chicago, Ill.....	11,000

Enlargement of capacity of boiler washout system at Forty-ninth street roundhouse, Chicago, Ill.....	\$15,000
Service buildings at Forty-ninth street roundhouse and Fifty-first street coach yard, Chicago, Ill.....	30,000
Locomotive crane for use at Belt railway shops at clearing yard....	21,000
Installation of automatic block signal on passenger tracks between Fifteenth and Eighty-first streets, Chicago, Ill.....	191,000
Payment to Indiana Harbor Belt Railroad Company of portion of cost of enlargement of interlocking plant at crossing of Indiana Harbor Belt Railway Company of Chicago, near West Fifty-fifth street, Chicago, Ill.....	39,000
Payment to city of Chicago for contract obligation for proportion of cost of new Twelfth street viaduct, Chicago, Ill.....	155,000
Miscellaneous assessments for public improvements, such as street paving, sewers, etc. (two years).....	40,000
Completion of elevated yard along Canal street between Twenty-third and Twenty-ninth streets, Chicago, Ill.....	983,000
Construction of yard in vicinity of Chicago drainage canal for use of Belt Railway Company of Chicago in handling industrial business..	300,000
Miscellaneous additions and betterments, such as heavier rail, improved track materials, sidings, industrial connections, etc.....	100,000
Total additions and betterments.....	2,000,000
Total loan requested.....	18,000,000

4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.

5. That the security offered is applicant's series-A 5 per cent first and refunding mortgage bonds in the amount of \$22,250,000, issued under its first and refunding mortgage, dated September 2, 1912, and supplements thereto, due September 1, 1962.

6. That with its present equipment and in its present financial status the applicant is unable to meet the demands on it for freight transportation, and that the public convenience and necessity will be served by providing the aforesaid additions and betterments which will prevent congestion of important terminal facilities at Chicago, Ill., and by paying the aforesaid maturing indebtedness which will prevent receivership for applicant's property.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loans applied for, and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The applicant, on August 12, 1920, by its general counsel, C. G. Austin, jr., requested that consideration of a loan to the applicant to aid it in making additions and betterments be deferred.

The Association of Railway Executives has recommended the making of a loan of \$8,000,000 to the applicant to aid it in meeting its 1920 maturities.

After informal hearings and investigation, the Commission finds:

1. That the making of a loan of \$8,000,000 to aid the applicant in meeting its collateral-trust gold notes, due by extension September 1, 1920, aggregating \$16,000,000, by the United States, is necessary in order to enable the applicant properly to meet the transportation needs of the public. Said amount of \$18,000,000 included as of the date of application, \$680,000 of notes due September 1, 1919, and not extended.

2. That the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and

3. That the applicant is unable to provide itself from other sources with funds necessary for aforesaid purposes.

A certificate will be issued accordingly.

Certificate No. 18 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$8,000,000 by the United States to the Chicago & Western Indiana Railroad Company, hereinafter referred to as the applicant, to aid it in meeting its collateral-trust gold notes, maturing September 1, 1920, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$8,000,000.

4. That the time from the making thereof within which the loan is to be repaid is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

The loan is to be evidenced by applicant's note for \$8,000,000, payable 15 years from the making of said loan, with interest at the rate of 6 per cent per annum, payable semiannually, provided

that if the funds to be financed by applicant in connection herewith from sources other than the loan from the United States shall be financed for a term of less than 15 years, the term of the loan from the United States shall not be longer than that from the other sources.

The loan is to be collaterally secured by the pledge of applicant's series-A 5 per cent first and refunding mortgage bonds in the amount of \$10,500,000.

The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans and advances.

The applicant shall have the privilege of paying the loan, or any part thereof, with accrued interest, at any time before maturity.

The applicant shall finance \$8,000,000, being the remainder of the aforesaid maturities from other sources for a period of 15 years at a total cost to applicant of not more than $7\frac{1}{2}$ per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith, except such as may result from redemption at not exceeding 105 under sinking-fund provision.

There shall be filed with the Secretary of the Treasury the opinion of counsel (who may be of counsel for the applicant) in respect of the security taken, which opinion shall show the corporate power to issue, give, and pledge such security, the proper exercise of said corporate power and the validity of the securities and of the pledge thereof. The opinion shall cover (a) the legality of organization and corporate power to issue, give, and pledge the securities; (b) the legality of authorization of the issue and pledge of the securities; (c) the legality of the issue of the securities and of the pledge thereof; and (d) the validity of the securities and of the pledge.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done at Washington, D. C., this 14th of August, 1920.

FINANCE DOCKET No. 20.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & LAKE ERIE RAILROAD COMPANY FOR AUTHORITY TO ISSUE TWO NOTES.

Submitted July 30, 1920. Decided August 18, 1920.

Authority granted for the issue of two 90-day 6 per cent promissory notes for \$500,000 and \$425,000, respectively, in renewal of certain other promissory notes.

Reed, Smith, Shaw & Beal for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That the Pittsburgh & Lake Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to issue (1) a promissory note for \$500,000, to be dated July 19, 1920, and to mature October 18, 1920, payable to the Farmers Loan & Trust Company (of New York) or order, bearing interest at the rate of 6 per cent per annum, and to be secured by the pledge of \$500,000 of 4½ per cent fourth liberty loan bonds, in order to renew for the seventh time a note issued by the applicant October 24, 1918, to the same payee and covered by the same security, and (2) a promissory note for \$425,000, to be dated July 22, 1920, and to mature October 20, 1920, payable to the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.) or order, bearing interest at the rate of 6 per cent per annum, and to be secured by the pledge of \$500,000 of 4½ per cent fourth liberty loan bonds, in order to renew with curtailment for the seventh time a note for \$500,000 issued by the applicant October 24, 1918, to the same payee and covered by the same security; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

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It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governor of each state in which the applicant operates, and that no objection to the issue by this Commission of an order granting the application has been offered by any state authority; and

It further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had;

Held, That the proposed issue by the Pittsburgh & Lake Erie Railroad Company (a) is for a lawful object within its corporate purposes, and compatible with the public interest which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for that purpose; and (c) that the principal amount of said issue, together with all other outstanding notes of a maturity of two years or less aggregates more than 5 per cent of the par value of the securities of the Pittsburgh & Lake Erie Railroad Company outstanding at date of said application.

It is therefore ordered, That the issue by the applicant (1) as of July 19, 1920, of a promissory note for a principal amount of \$500,000, to be dated July 19, 1920, and to mature October 18, 1920, payable to the Farmers Loan & Trust Company (of New York) or order, bearing interest at the rate of 6 per cent per annum, and to be secured by the pledge of \$500,000 of 4½ per cent fourth liberty loan bonds, and (2) as of July 22, 1920, a promissory note for \$425,000, to be dated July 22, 1920, and to mature October 20, 1920, payable to the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.) or order, bearing interest at the rate of 6 per cent per annum and to be secured by the pledge of \$500,000 of 4½ per cent fourth liberty loan bonds, all of which is more fully set forth in said application as amended and supplemented, and in the evidence taken at the hearing aforementioned, be, and is hereby, authorized and approved.

It is further ordered, That as a condition precedent to the issue of the two promissory notes aforesaid, aggregating \$925,000, the Pittsburgh & Lake Erie Railroad Company shall pay in cash to the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.) the sum of \$75,000 in partial curtailment of the aforesaid note for \$500,000, issued October 24, 1918, which fell due as renewed for the sixth time on July 22, 1920.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 22.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & LAKE ERIE RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES.

Submitted July 30, 1920. Decided August 20, 1920.

Authority granted (1) to issue a 6 per cent promissory note for \$625,000, payable one year after date to the Western Transit Company, to be secured by pledge of certain bonds and to be given in renewal of a certain promissory note; and (2) to issue unsecured 6 per cent promissory notes aggregating \$1,500,000, to mature six months after date, and to be given in renewal of certain other notes.

Reed, Smith, Shaw & Beal for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Pittsburgh & Lake Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to issue (1) a promissory note for the principal amount of \$625,000, to be dated August 1, 1920, and to mature one year after date, payable to the Western Transit Company, a corporation organized under the laws of New York, or order, bearing interest at the rate of 6 per cent per annum, to be secured by pledge of \$1,500,000 of 4½ per cent first and refunding mortgage bonds, series A, of the Monongahela Railway Company, maturing January 1, 1967, in order to renew a promissory note issued by the applicant August 1, 1919, to the same payee and covered by pledge of the same security (both hereinbefore mentioned in connection with this application), which note, dated August 1, 1919, constituted as to principal amount, the residue of a promissory note for \$1,000,000 issued, under authority of resolutions adopted by the board of directors of the applicant on January 19, 1918, to secure cash to replace that theretofore paid for additions and betterments made to property of the applicant in 1917, and to pay for equipment ordered by it, to the same payee and covered by pledge of the same

security (both hereinbefore mentioned in connection with this application), as renewed from time to time and curtailed by \$375,000; (2) unsecured promissory notes aggregating \$750,000, and comprising seven notes each for \$100,000 and one note for \$50,000, to be dated August 4, 1920, and to mature six months after date, bearing interest at the rate of 6 per cent per annum, payable to the order of the applicant at the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.), to be indorsed by the applicant and given in renewal and payment of notes of an aggregate principal amount of \$750,000 issued under the authority of resolutions adopted by the board of directors of the applicant on January 19, 1918, to secure cash to replace that theretofore paid for additions and betterments made to property of the applicant in 1917, and for equipment ordered by it; (3) unsecured promissory notes aggregating \$750,000, and comprising five notes each for \$100,000, four notes each for \$50,000, and two notes each for \$25,000, to be dated August 26, 1920, and to mature six months after date, bearing interest at the rate of 6 per cent per annum, payable to the order of the applicant at the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.), to be indorsed by the applicant and given in renewal and payment of notes of an aggregate amount of \$750,000 issued under the authority of resolutions adopted by the board of directors of the applicant on January 19, 1918, to secure cash to replace that theretofore paid for additions and betterments made to property of the applicant in 1917, and for equipment ordered by it; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with the governor of each state in which the applicant carrier operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the railroad commission, public service or utility commission, or other appropriate state authority of any of such states;

And it further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had;

Held, That the proposed issue by the Pittsburgh & Lake Erie Railroad Company (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it

65 I. C. C.

of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose; and (c) that the principal amount of said issue, together with all other outstanding notes of a maturity of two years or less, aggregates more than 5 per cent of the par value of the securities of the Pittsburgh & Lake Erie Railroad Company outstanding at date of said application.

It is therefore ordered, That the issue by the applicant, (1) as of August 1, 1920, of a promissory note for a principal amount of \$625,000, to be dated August 1, 1920, and to mature one year after date, payable to the Western Transit Company, or order, bearing interest at the rate of 6 per cent per annum, to be secured by pledge of \$1,500,000, of 4½ per cent first and refunding mortgage bonds, series A of the Monongahela Railway Company, maturing January 1, 1967; and (2) as of August 4, 1920, of unsecured promissory notes, aggregating in principal amount \$750,000 and comprising seven notes each having a principal amount of \$100,000 and one note having a principal amount of \$50,000, to be dated August 4, 1920, and to mature six months after date, bearing interest at the rate of 6 per cent per annum, payable to the order of the applicant at the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.), to be indorsed by the applicant and given in renewal and payment of notes of an aggregate principal amount of \$750,000; and (3) of promissory notes aggregating in principal amount \$750,000, and comprising five notes each having a principal amount of \$100,000, four notes each having a principal amount of \$50,000, and two notes each having a principal amount of \$25,000, to be dated August 26, 1920, and to mature six months after date, bearing interest at the rate of 6 per cent per annum, payable to the order of the applicant at the Union Trust Company of Pittsburgh (of Pittsburgh, Pa.), to be indorsed by the applicant and given in renewal and payment of notes of an aggregate principal amount of \$750,000, all of which is more fully set forth in said application as amended and supplemented and in the evidence taken at the hearing aforesaid, be, and it is hereby, authorized and approved, and

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 34.

IN THE MATTER OF THE APPLICATION OF THE LOUISIANA & ARKANSAS RAILWAY COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT-TRUST NOTES.

Submitted August 9, 1920. Decided August 20, 1920.

Authority granted for the issue of equipment-trust notes aggregating \$220,000, to be payable through a period of five years, to bear interest at the rate of 6 per cent per annum, and to be issued under an equipment-trust agreement with the Guaranty Trust Company of New York.

A. L. Burford for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER

BY DIVISION 4:

It appearing, That the Louisiana & Arkansas Railway Company, a common carrier by railroad engaged in interstate commerce, has made application to us under section 20a of the interstate commerce act for authority to issue equipment-trust notes in a principal amount aggregating \$220,000 under an equipment-trust agreement with the Guaranty Trust Company of New York, trustee, dated March 13, 1920, said notes to be payable through a period of five years and bearing interest at the rate of 6 per cent per annum, payable semi-annually, for the purpose of procuring the following-described equipment:

Equipment.	Vendor.	Purchase price.	Cash payment.	Note issue.
Four 10-wheel locomotives, bearing Louisiana & Arkansas Railway Company's Nos. 302 to 305 and B. L. W. class designation 10-38 D 196 to 199.	Baldwin Locomotive Works.	\$168,680	\$38,680	\$130,000
One type-R steam wrecking crane of 100 tons capacity.	Industrial Works..	35,977	15,277	40,000
One standard all-steel Jordan spreader, with ditching attachment.	A. F. Jordan Co....	12,000		
One 6-ton full-revolving self-propelling steam locomotive bucket crane, equipped with 1-yard clam-shell bucket.	F. Mayer.....	7,300		
Two steel passenger coaches, Nos. 45 and 46.....	American Car & Foundry Co.	63,746	13,746	50,000

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it

was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governors of the states of Arkansas and Louisiana, the only states in which the carrier operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the railroad, public service, or utilities commission, or other proper state authority of any of said states; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issue of equipment-trust notes (a) is for a lawful object within the corporate purposes of the Louisiana & Arkansas Railway Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose:

It is therefore ordered, That the Louisiana & Arkansas Railway Company be, and it is hereby, authorized to issue equipment-trust notes, to be known as series D for a principal amount not exceeding \$180,000, series E for a principal amount not exceeding \$40,000, and series F for a principal amount not exceeding \$50,000, aggregating a principal amount not exceeding \$220,000, maturing serially in from six months to five years after date, and bearing interest at the rate of 6 per cent per annum, payable semiannually, said notes to be used at not less than par in procurement of equipment in accordance with a certain agreement, dated March 13, 1920, between the Guaranty Trust Company of New York, trustee, and the applicant, a copy of which agreement has been filed with the record herein, and said notes with coupons attached covering the semiannual interest to be issued in the form set forth in said agreement, which form of note and coupon is hereby approved.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States; and

It is further ordered, That this order shall take effect on the 20th day of August, A. D. 1920, and continue in force until otherwise ordered by the Commission.

65 I. C. C.

FINANCE DOCKET No. 21.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE WEST SIDE BELT RAILROAD COMPANY.

Submitted August 4, 1920. Decided August 23, 1920.

Acquisition by the Pittsburgh & West Virginia Railway Company of control of the West Side Belt Railroad Company by purchase of its capital stock approved and authorized.

Arthur H. Van Brunt and John S. Wendt for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS EASTMAN AND POTTER.

BY DIVISION 4:

It appearing, That the Pittsburgh & West Virginia Railway Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 5 of the interstate commerce act for an order authorizing it to acquire 21,300 shares, par value \$1,065,000, of the capital stock of the West Side Belt Railroad Company, a common carrier by railroad engaged in interstate commerce, by the payment of \$50,000 to the Pittsburgh Terminal Railroad & Coal Company, a Pennsylvania corporation, owning developed coal-mine lands in Allegheny county, Pa., and engaged in mining coal, and the present owner of the stock aforesaid; and

It further appearing, That the applicant controls the Pittsburgh Terminal Railroad & Coal Company through ownership of the entire capital stock outstanding, and that the said Pittsburgh Terminal Railroad & Coal Company owns 21,300 shares of the total outstanding capital stock of 21,600 shares, of which the remaining 300 shares are owned by the applicant; that the Pittsburgh Terminal Railroad & Coal Company entered into a memorandum of agreement with the applicant under date of April 20, 1920, whereby it covenanted and agreed to sell and transfer to the applicant the aforesaid 21,300 shares of capital stock of the West Side Belt Railroad Company owned by it as aforesaid and pledged under its first mortgage dated July 1, 1902, on all its property, including the 21,300 shares of stock

aforementioned, to the Colonial Trust Company (of Pittsburgh, Pa.) as trustee for sinking-fund bonds maturing July 1, 1942, for the sum of \$50,000, out of which sum it further covenanted and agreed to pay all costs, expenses, and charges necessary and proper to effectuate said sale and transfer and to turn over to the trustee of said first mortgage, the said Colonial Trust Company, the residue of such purchase price of \$50,000 after the payment of such costs, expenses, and charges, to be applied by the said trustee under said mortgage, and to become part of the sinking fund provided therein; and that the holders of more than 60 per cent in value of the first-mortgage bonds of the Pittsburgh Terminal Railroad & Coal Company have approved and authorized the sale of the aforesaid stock in conformity with provision of the mortgage named; and

It further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed purchase of stock by the Pittsburgh & West Virginia Railway Company (a) will not involve the consolidation into a single system for ownership and operation of the Pittsburgh & West Virginia Railway Company and the West Side Belt Railroad Company, and (b) will be in the public interest.

It is therefore ordered, That the purchase by the applicant of 21,300 shares of the capital stock of the West Side Belt Railroad Company, par value \$1,065,000, all of which is more fully set forth in the application as amended and supplemented, and in the evidence taken at the hearing aforementioned, be, and it hereby is, authorized and approved.

It is further ordered, That within 30 days after the consummation of the sale and transfer of stock, as prayed in the petition and as authorized herein, the Pittsburgh & West Virginia Railway Company shall cause the following information to be furnished to this Commission: (1) Certified statement of the stock transfer, giving all pertinent facts; (2) statement of all costs, expenses, and charges necessary and proper to effectuate said sale and transfer; and (3) amount of said purchase price of stock paid over to Colonial Trust Company, as trustee of the first mortgage under sinking-fund bonds of the Pittsburgh Terminal Railway & Coal Company.

It is further ordered, That this order shall take effect on the 23d day of August, 1920, and continue in force and effect until otherwise ordered by the Commission.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation to any of the persons concerned in the transaction authorized by this order on the part of the United States.

FINANCE DOCKET No. 8.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL VERMONT RAILWAY COMPANY FOR AUTHORITY TO ISSUE REFUNDING-MORTGAGE BONDS.

Submitted July 23, 1920. Decided August 25, 1920.

1. Authority granted as of June 28, 1920, for the issue of \$12,000,000 of refunding-mortgage 5 per cent gold bonds, dated May 1, 1920, to mature May 1, 1930, to retire a like amount of 4 per cent first-mortgage gold bonds, due May 1, 1920, in accordance with a certain trust indenture.
2. Consideration of the issue of the remaining \$3,000,000 of refunding-mortgage 5 per cent bonds deferred.

J. W. Redmond and Edward C. Bailly for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS EASTMAN AND POTTER.

BY DIVISION 4:

The Central Vermont Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$15,000,000 of refunding-mortgage gold bonds, to be dated May 1, 1920, to mature May 1, 1930, and to bear interest at the rate of 5 per cent per annum. It is proposed that \$12,000,000 of the said issue will be used for the refunding, par for par, of an equal amount in face value of applicant's 4 per cent first-mortgage gold bonds, which matured May 1, 1920, and that the remaining \$3,000,000 will be used "to pay and discharge applicant's indebtedness to the Grand Trunk Company, existing at the date hereof, and for its other proper corporate purposes." These bonds are to be guaranteed by the Grand Trunk Railway Company of Canada, hereinafter called the Grand Trunk, both as to principal and interest.

The applicant owns or controls a line of railroad, with its appurtenances and equipment, extending from the Canadian boundary line through the states of Vermont, Massachusetts, and Connecticut to New London, Conn., and thence a line of boats to New York, N. Y. A majority of the stock of the applicant is owned by the Grand Trunk, which has been taken over by the Canadian government. The applicant has always been conducted as a separate organization.

65 I. C. C.

Prior to June 28, 1920, the date on which section 20a became effective, the applicant had obtained authorization for the proposed issue from the Public Service Commission of the state of Vermont and the Department of Public Utilities of the commonwealth of Massachusetts, the only state commissions whose approval was required, and had practically completed all steps necessary therefor. The mortgage to cover the proposed \$15,000,000 bond issue had been executed, the bonds signed by the proper officers of the applicant, and a bondholders' committee had been authorized, and had, in fact, received in trust for the conversion more than \$10,000,000 of the \$12,000,000 which matured May 1, 1920, as before stated. Of this \$12,000,000, there were outstanding on June 28, 1920, \$10,732,000, which were owned by some 2,000 bondholders; there were pledged to secure obligations of the applicant \$1,226,000, and there were \$42,000 held in the applicant's treasury. The remaining \$3,000,000 of the proposed issue the applicant proposes to use in paying its unsecured debt to the Grand Trunk and for additions and betterments.

At the hearing on July 23, 1920, counsel for the applicant urged immediate permission to refund \$12,000,000 of bonds which fell due May 1, 1920, by a new issue, arrangements for which had practically been completed, and that the question of permission to issue the remaining \$3,000,000 of the new issue might for the present be deferred.

Evidence submitted disclosed that the applicant's earnings were barely sufficient to pay interest on its funded debt at the rate of 4 per cent; and that the increased interest charges, should the application be approved, would be approximately \$321,000. On behalf of the applicant, considerable importance was placed on the guaranty by the Grand Trunk as to principal and interest. The applicant submitted that the increased revenue from rate increases authorized by us, together with the increased tonnage which it has been receiving since the first of this year and would continue to receive from the Grand Trunk, due to the consolidation of the railways of Canada, thereby giving it access to some 18,000 miles of road in Canada, will produce sufficient revenue to justify the issue of the new bonds with interest at 5 per cent. The applicant also submitted that unless the proposed issue be allowed, at least to the extent of \$12,000,000 to refund the bonds now past due, a receivership might result.

Upon consideration of the record, we are of opinion and find that the proposed issue to the extent of \$12,000,000 by applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public

as a common carrier, and which will not impair its ability to perform that service and (b) is reasonably necessary and appropriate for such purpose. Consideration of the proposed issue to the extent of the remaining \$3,000,000 is deferred.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application, and investigation of the matters and things involved therein having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the issue as of May 1, 1920, by the applicant, the Central Vermont Railway Company, of \$12,000,000 principal amount of its refunding-mortgage gold bonds, to be dated May 1, 1920, and to mature on May 1, 1930, bearing interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of May and of November in each year, subject to and in accordance with the terms and conditions of a certain trust indenture dated March 15, 1920, and executed by applicant to the New York Trust Company, a New York corporation, as trustee, all of which is more fully set forth in said application and in said trust indenture, a true copy of which is on file in this proceeding, for the sole purpose of retiring, face value, \$11,958,000, being the entire amount of the applicant's 4 per cent first-mortgage gold bonds, due May 1, 1920, issued under a certain indenture of mortgage and deed of trust dated May 1, 1899, and executed by the applicant to the American Loan & Trust Company, now the American Trust Company, a Massachusetts corporation, and \$42,000 of said bonds now in the treasury of the applicant, be, and it is hereby, authorized and approved.

It is further ordered, That the applicant shall on or before November 1, 1920, and each six months thereafter until all of said bonds hereby authorized shall have been issued in accordance with this order, report to this Commission in writing, signed by its president and treasurer, and verified by their oaths, the amount of bonds so issued and the disposition of the same.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said refunding-mortgage gold bonds, or interest thereon, on the part of the United States.

65 I. O. C.

FINANCE DOCKET No. 15.

IN THE MATTER OF THE APPLICATION OF THE
NORFOLK & PORTSMOUTH BELT LINE RAILROAD
COMPANY FOR AUTHORITY TO ISSUE SHORT-TERM
NOTES.

Submitted August 18, 1920. Decided August 25, 1920.

Authority granted for the issue of two 6 per cent promissory notes in the aggregate amount of \$50,000.

Thomas H. Wilcox for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Norfolk & Portsmouth Belt Line Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to issue one promissory note in the principal amount of \$35,000, the proceeds to be used for the purpose of bulkheading the applicant's property and dredging in front thereof, at Sewell's Point, Va., and another promissory note in the principal amount of \$15,000, the proceeds thereof to be used in payment for rail and accessories needed for maintaining the applicant's tracks in good condition;

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of the carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier;

It further appearing, That notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the State Corporation Commission of Virginia, or other authority of said state;

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issue of notes by the Norfolk & Portsmouth Belt Line Railroad Company (a) is for a lawful object

within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; (b) is reasonably necessary and appropriate for such purpose; and (c) that the principal amount of said issue, together with all other outstanding notes of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of said Norfolk & Portsmouth Belt Line Railroad Company outstanding at the date of said application.

It is therefore ordered, That the Norfolk & Portsmouth Belt Line Railroad Company be, and it is hereby, authorized (1) to issue, as of the date of this order, one promissory note in the principal amount of \$35,000, payable to the order of the Merchants & Farmers Bank, of Portsmouth, Va., the proceeds of said promissory note to be used for the purpose of bulkheading the applicant's property and dredging in front thereof at Sewell's Point, Va., and (2) to issue, also as of the date of this order, another promissory note in the principal amount of \$15,000, payable to the order of the National Bank of Commerce of Norfolk, Va., the proceeds of said promissory note to be used in payment for rail and accessories needed for maintaining applicant's track in good condition; each of said promissory notes to be payable 90 days after date, with the privilege of renewing same for periods of 90 days each, not to exceed in all the period of one year, and each of said notes to bear interest at the rate of 6 per cent per annum, said notes to be issued in the form of notes submitted with the application, which forms of notes are hereby approved.

It is further ordered, That the authorization herein granted is conditioned upon the faithful performance of the following provisions: (1) That the proceeds of said promissory notes herein authorized to be issued shall not be used for any other purpose than that specified in said application, and (2) that said applicant, Norfolk & Portsmouth Belt Line Railroad Company, shall furnish to us periodical statements showing all pertinent facts in connection with the expenditures made from said proceeds, the first statement to be made 60 days after date of this order and subsequent statements to be made every 60 days thereafter until said bulkheading and dredging work shall have been completed and all needed rails and accessories shall have been purchased, or until all proceeds of said notes shall have been expended for the purposes herein authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 33.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR AUTHORITY TO ENTER INTO EXTENSION CONTRACTS WITH HOLDERS OF BONDS.

Submitted August 7, 1920. Decided August 25, 1920.

Authority granted to enter into contracts with the holders of certain bonds issued by predecessor companies of the applicant, extending the dates of maturities of said bonds for periods of 10 years.

George F. Brownell for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to enter into contracts with the holders of certain maturing bonds issued by predecessors in interest of said Erie Railroad Company, for the extension of the dates of maturity of such bonds for the period of 10 years from their present maturity dates, as follows:

Issuing company.	Description of bonds.	Present maturity.	Maturity under extension.	Amount outstanding.
New York & Erie Railroad Co.	Fourth-mortgage 5 per cent bonds dated August 15, 1857.	October 1, 1920....	October 1, 1930....	\$2,926,000
Erie Railway Co.....	Consolidated - mortgage 7 per cent bonds dated September 1, 1870.	September 1, 1920..	September 1, 1930..	16,891,000
New York, Lake Erie & Western Railroad Co.	First consolidated-mortgage coupon 7 per cent bonds dated September 1, 1878.	September 1, 1920..	September 1, 1930..	3,699,500

It further appearing, That the application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governors of the states of New York, New Jersey, Pennsylvania, and Ohio, the only states in which the carrier operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the railroad, public service, or utilities commission, or other proper state authority of any of the states named; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed contracts for the extension of the respective dates of maturity of said bonds (a) are for a lawful object within the corporate purposes of the Erie Railroad Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Erie Railroad Company be, and it is hereby, authorized to enter into contracts with the holders of the following-described bonds issued by predecessor companies, New York & Erie Railroad Company fourth-mortgage 5 per cent bonds, dated August 15, 1857, and maturing October 1, 1920, amount outstanding \$2,926,000, par value; Erie Railway Company consolidated-mortgage 7 per cent bonds dated September 1, 1870, and maturing September 1, 1920, amount outstanding \$16,891,000, par value; and the New York, Lake Erie & Western Railroad Company first consolidated mortgage coupon 7 per cent bonds, dated September 1, 1878, and maturing September 1, 1920, amount outstanding \$3,699,500, par value, extending the dates of maturities of said bonds for periods of 10 years, upon the terms and conditions as fully set forth in the forms of proposed contracts submitted with the application, which forms are hereby approved, and which proposed contracts provide, in part, that (a) there shall be paid the sum of \$142.50 to the holder of each \$1,000 bond of the New York & Erie Railroad Company upon the extension of the maturity date of said bond to October 1, 1930; and (b) there shall be paid the sum of \$10 to the holder of each \$1,000 bond of the Erie Railway Company upon the extension of the maturity date of said bond to September 1, 1930; and (c) there shall be paid the sum of \$10 to the holder of each \$1,000 bond of the New York, Lake Erie & Western Railroad Company upon the extension of the maturity date of said bond to September 1, 1930.

It is further ordered, That the Erie Railroad Company shall purchase extended bonds in order to pledge the same for loans to be made by the Secretary of the Treasury pursuant to section 210 of the

transportation act, 1920, as amended, at a price not in excess of \$990, plus accrued interest, for each \$1,000 extended Erie Railway Company consolidated-mortgage 7 per cent bond; \$990, plus accrued interest, for each \$1,000 extended New York, Lake Erie & Western Railroad Company first consolidated mortgage 7 per cent coupon bond; and \$857.50, plus accrued interest, for each \$1,000 extended New York & Erie Railroad Company fourth-mortgage 5 per cent bond.

It is further ordered, That nothing herein contained shall restrict the railroad company from redeeming for cancellation or for pledge under the requirements of presently existing mortgages any of said bonds at the redemption prices provided for in the extension contracts extending the same.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, or as to said extension contracts, on the part of the United States.

And it is further ordered, That this order shall take effect on the 25th day of August, 1920.

65 I. C. C.

FINANCE DOCKET No. 954.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted August 9, 1920. Decided August 25, 1920.

Application granted in part and loan of \$8,000,000 approved.

George F. Brownell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Erie Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 28, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, and on June 19, June 26, July 13, and August 9, 1920, the applicant amended and supplemented its application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the act.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$30,737,630.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to provide new equipment, to reconstruct existing equipment, to make necessary additions and betterments to roadway and structures, and to meet maturing indebtedness.
4. That the uses to which the loan will be applied are as shown in the following statement:

Purpose.	Total.	Financed by applicant.	Loan by United States.
For equipment.....	\$9,030,224	\$6,795,851	\$2,234,373
For additions and betterments to roadway and structures.....	3,991,997	.....	3,991,997
To meet maturing bonded indebtedness.....	23,516,500	11,758,250	11,758,250
To meet notes held by War Finance Corporation, due April 1, 1922.....	12,753,000	.....	12,753,000
Grand total.....	\$9,301,721	18,554,101	30,737,630

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is as follows: (a) For additions to roadway and structures, applicant's refunding and improvement mortgage bonds; (b) for new locomotives, second lien under an equipment-trust agreement; (c) for additions and betterments to existing equipment, the equipment itself or the applicant's interest therein as represented by the government's loan; (d) for \$250,000 requested by the applicant for acquisition of 1,000 all-steel drop-bottom gondola cars and 1,000 steel-frame single-sheathed box cars, applicant's refunding and improvement mortgage bonds; and (e) for maturities, matured bonds as extended, or the applicant's note, collaterally secured by the said matured bonds, as extended.

7. That the public convenience and necessity will be served by the loan in that it will enable the applicant to provide itself with additional equipment and other additions and betterments which will expedite the movement of trains, and also, in that the loan will assist the applicant in meeting its maturities, thereby restoring its credit.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The applicant, on August 13, 1920, by its vice president and general counsel, George F. Brownell, requested orally that consideration be given to its application in so far as it related to a loan to aid the applicant in meeting its 1920 maturities, without waiting for consideration of the remaining matters contained in its application.

The Association of Railway Executives recommended the making of a loan of \$5,879,125 to the applicant to aid it in meeting its maturing obligations.

After informal hearings and investigation, the Commission finds that the making in part of the proposed loan to aid the applicant to meet its 1920 maturities—

	Total.	Financed by appli- cant.	Loan by United States.
Erie Railway Co. consolidated-mortgage 7 per cent bonds, due September 1, 1920.....	\$16,891,000	.....	.....
New York, Lake Erie & Western Railroad Co. first consolidated mortgage coupon 7 per cent bonds, due September 1, 1920.....	3,609,500	.....	.....
New York & Erie Railroad Co. fourth-mortgage 5 per cent bonds, due October 1, 1920.....	2,926,000	.....	.....
Total.....	23,416,500	\$15,516,500	\$8,000,000

by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

An appropriate certificate will be issued.

Amended Certificate No. 19 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$8,000,000 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant to meet maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the total amount of the loan which is to be made is \$8,000,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is 10 years.

5. That the terms and conditions of the loan, and the security therefor, shall be as follows: The loan shall be made in one installment of \$8,000,000. The note or notes evidencing the loan shall bear interest at the rate of 6 per cent per annum, payable semiannually, and shall be collaterally secured by the pledge of the following as hereinafter provided: Erie Railway Company consolidated-mortgage 7 per cent bonds, due by extension September 1, 1930; New York, Lake Erie & Western Railroad Company first consolidated mortgage coupon 7 per cent bonds due by extension September 1, 1930; and New York & Erie Railroad Company fourth-mortgage 5 per cent bonds due by extension October 1, 1930, on the following bases: (a) Erie Railway Company consolidated-mortgage 7 per cent bonds due by extension September 1, 1930, and the New York, Lake Erie & Western Railroad Company first consolidated mortgage coupon 7

per cent bonds due by extension September 1, 1930; \$1,000 par value of bonds for \$1,000 of loan. (b) New York & Erie Railroad Company fourth-mortgage 5 per cent bonds due by extension October 1, 1930; \$1,000 par value of bonds for \$857.50 of loan. The bonds so to be pledged to be of such amounts of said issues, respectively, as may be tendered by the applicant. Pending the pledge of the extended bonds as hereinbefore provided, the cash constituting the loan shall be pledged as security for the loan, and shall be released to the applicant only as and when and to the extent the said applicant pledges the extended bonds, in place of the cash, as collateral security as hereinbefore provided. The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans. The applicant shall have the privilege of paying all or any part of the loan with accrued interest at any time before maturity. The securities pledged as collateral security shall be released proportionately as parts of the loan are paid. The securities to be extended and pledged as security for the loan shall be extended before the applicant shall have become the holder thereof and before they are pledged, and such extension shall be accomplished as to the Erie Railway Company consolidated-mortgage 7 per cent bonds by agreement executed by the Erie Railroad Company in temporary form attached hereto,¹ marked "Exhibit A," attached to each bond, for which engraved permanent agreement in form attached, marked "Exhibit B," will be substituted, when prepared, and without expense to the holder, and such extension shall be accomplished as to the New York, Lake Erie & Western Railroad Company first consolidated mortgage coupon 7 per cent bonds by agreement executed by the Erie Railroad Company in temporary form attached hereto¹ and marked "Exhibit C," attached to each bond, for which engraved permanent agreements in form attached hereto,¹ marked "Exhibit D," will be substituted when prepared, and without expense to the holder, and such extension shall be accomplished as to the New York & Erie Railroad Company fourth-mortgage 5 per cent bond by agreement executed by the Erie Railroad Company, the temporary form attached hereto and marked "Exhibit E," attached to each bond, for which engraved permanent agreements in form attached hereto, marked "Exhibit F," will be

¹ On file with the Commission, but omitted from printed report.

substituted when prepared and without expense to the holder. Bonds presented for pledge shall be accompanied by a statement of J. P. Morgan & Company, that the bonds so presented have been extended while held by them.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 25th day of August, 1920.

65 I. C. C.

FINANCE DOCKET No. 965.

IN THE MATTER OF THE APPLICATION OF THE GREAT NORTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved by the Commission, Division 4, August 25, 1920.

DIVISION 4, COMMISSIONERS EASTMAN AND POTTER.

Amended Certificate No. 13 for a Loan under Section 210, of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$17,910,000 by the United States to the Great Northern Railway Company, hereinafter referred to as the applicant, to aid it in meeting maturing indebtedness consisting of its three-year collateral-trust notes due September 1, 1920, and for the purpose of providing it with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$17,910,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years, installments to be paid as hereinafter indicated.

5. That the terms and conditions of the loan, including the security to be given for payment, are as follows: The loan is to be divided into three parts:

65 I. C. C.

(a) One part to aid in the purchase of locomotives and cars.....	\$2, 010, 000
(b) One part to pay in part:	
For strengthening existing equipment.....	100, 000
And other additions and betterments.....	800, 000
(c) One part to aid in meeting maturing indebtedness.....	15, 000, 000
Total.....	17, 910, 000

That part of the loan to aid in the purchase of equipment (item *a* hereof) is to be evidenced by the applicant's 15 notes for \$134,000 each, payable, respectively, in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years from the making of said part of the loan, with interest at the rate of 6 per cent per annum, payable semiannually.

The applicant's notes evidencing the loan from the United States on the aforesaid equipment shall bear interest, payable semiannually, at the rate of 6 per cent per annum, and shall be secured by the pledge of applicant's equipment notes or car-trust certificates in respect of said equipment, which equipment notes or car-trust certificates shall be secured by a second lien on the equipment, subordinate only to the first lien on the said equipment to secure the applicant's equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public. The equipment notes or car-trust certificates pledged as collateral security for the loan from the United States on the aforesaid equipment shall be secured by the same equipment-trust indenture or agreement of conditional sale by which the equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public are secured, and under which title to the equipment shall not pass to the applicant nor from the trustee for the benefit of the note holders or certificate holders until the notes or certificates shall have been paid in full, and applicant shall have fulfilled all its obligations in regard thereto.

That part of the loan to aid in the making of additions and betterments (item *b* hereof) is to be evidenced by the applicant's four notes for \$225,000 each, payable, respectively, in three, four, five, and six years from the making of this part of the loan, with interest at the rate of 6 per cent per annum, payable semiannually.

That part of the loan to aid in meeting maturing indebtedness (item *c* hereof) is to be evidenced by the applicant's note for \$15,000,000, payable not more than one year from the making of this part of the loan and not later than September 1, 1921, with interest at the rate of 6 per cent per annum, payable semiannually.

All of said loans are to be further secured by the pledge as collateral security of a total of \$22,387,000 par value of Great Northern Railway Company first and refunding mortgage 50-year 4½ per cent gold bonds due July 1, 1961. The applicant may use for this pledge

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Great Northern Railway Company first and refunding mortgage 50-year 4½ per cent gold bonds due July 1, 1961, pledged with the Bankers Trust Company, New York, under applicant's collateral-trust mortgage, dated September 1, 1917, maturing September 1, 1920, securing the applicant's maturities of \$20,000,000, due September 1, 1920, to aid in the meeting of which this loan to the extent of \$15,000,000 is made, when and if said first and refunding mortgage 50-year 4½ per cent gold bonds shall have been released from the pledge and lien aforesaid. The bonds pledged as collateral security shall be released proportionately as installments are paid.

The applicant shall have the privilege of paying any or all installments or any or all parts of the loan, with accrued interest, at any time before maturity.

As further conditions precedent to the making of the loan, the applicant shall agree (1) on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, to deposit with him such additional security as he may from time to time require, and shall further agree that the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans, and (2) that if the Interstate Commerce Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to perform any or all undertakings which it has agreed to perform under the terms of a certain agreement entered into between said applicant and said Interstate Commerce Commission, dated the 27th day of August, 1920, the whole or any designated part of the obligation of the applicant given pursuant to this certificate upon recommendation of the said Interstate Commerce Commission, shall mature at the election of the holder thereof by presentation thereof for payment. A copy of said agreement is marked "Exhibit A" and annexed hereto.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 27th day of August, 1920.

65 I. C. C.

EXHIBIT A.—Agreement made and entered into this 27th day of August, A. D. 1920, by and between Interstate Commerce Commission (hereinafter called the "Commission"), and the Great Northern Railway Company, a Minnesota corporation (hereinafter called the "Railway Company"):

WHEREAS the Railway Company has applied to the Commission for a loan of \$28,000,000 from the United States under and in accordance with section 210 of the transportation act, 1920, as amended, to meet its maturing indebtedness and to provide itself with equipment and other additions and betterments; and

WHEREAS the Commission is about to certify to the Secretary of the Treasury that the making of a loan of \$17,910,000 by the United States to the Railway Company for the above purposes is necessary to enable the Railway Company to properly meet the transportation needs of the public, said loan to be divided into three parts as follows:

(a) One part to aid in the purchase of locomotives and cars.....	\$2,010,000	
(b) One part to pay in part:		
For strengthening existing equipment.....	\$100,000	
And other additions and betterments.....	800,000	900,000
(c) One part to aid in meeting maturing indebtedness.....		15,000,000
Total		17,910,000

And Whereas the Commission as a prerequisite to the issuance of said certificate requires the Railway Company to covenant and agree as hereinafter set forth: Now, Therefore, This Agreement Witnesseth:

The Railway Company as a condition of and in consideration of a loan or loans to the Railway Company for the purposes and amounts as hereinabove in the recital hereof set forth, does hereby covenant and agree:

(1) To expend on or before July 1, 1921, or prior to said date to obligate itself to expend, that part of the loan (or an amount equivalent thereto from the treasury of the Railway Company) made to aid in the construction and installation of additions and betterments for the purposes of and in connection with the construction and installation of additions and betterments for which said part of said loan is made; and to furnish the Commission on or about January 1, 1921, and on or about July 1, 1921, the detailed certificate, under oath, of the Railway Company's chief engineer of the additions and betterments made with or in connection with the funds provided by that part of the loan for said purposes; also to expend on or before July 1, 1921, or prior to said date to obligate itself to expend upon or in connection with the construction and installation of said additions and betterments in this paragraph (1) referred to, a sum of money raised or furnished by the Railway Company from other

sources for said purposes, equivalent to the amount loaned the Railway Company to aid in the construction and installation of said additions and betterments.

(2) That the amount to be financed by the Railway Company in connection with the loan shall be so financed that the cost to the Railway Company of any loans secured from sources other than the United States Government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith.

(3) That no part of said loan for additions and betterments shall be used for purposes which under the accounting regulations of the Commission might or would be chargeable to accounts other than those prescribed in the present classification of investment in road and equipment of steam roads.

(4) That in the event the Railway Company fails or refuses well and truly to perform any or all of its undertakings herein contained the Commission may certify to the Secretary of the Treasury that the Railway Company has so failed or refused well and truly to perform any or all of its said undertakings, and that upon receipt by the Secretary of the Treasury of any such Commission's certificate containing a recommendation that the loan or any part thereof be declared forthwith due and payable said loan or any part thereof at the election of the holder or holders of the note or notes evidencing said loan shall forthwith be due and payable upon the presentation for payment of said note or notes.

In Witness Whereof the Railway Company has caused its corporate seal to be hereunto affixed and this agreement to be signed by its Vice President and by its Assistant Secretary.

GREAT NORTHERN RAILWAY COMPANY.

By E. T. NICHOLS, *Vice President*.

Attest:

N. TERHUNE, *Assistant Secretary*.

65 I. C. C.

FINANCE DOCKET No 32.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR AUTHORITY TO EXECUTE AN EQUIPMENT TRUST AND TO ISSUE UNSECURED NOTES.

Submitted August 16, 1920. Decided September 2, 1920.

Authority granted (1) to execute and deliver an agreement dated August 1, 1920, with Harry J. Moore and Josiah B. Bartow as vendors, and the Fidelity Trust Company, of Philadelphia, Pa., and William P. Gest, of Merion, Pa., as trustees, to be called Long Island equipment trust, series C, and a certain agreement of lease and agreement of assignment of lease with said trustees by which the applicant obligates itself to pay \$1,688,000 of 12-year equipment-trust certificates and attached dividend warrants to be issued thereunder by said trustees, and (2) to make and deliver to said trustees unsecured 6 per cent notes aggregating \$419,279, to be applied to procurement of the equipment set forth in said lease.

Joseph F. Keany for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Long Island Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to execute and deliver a certain agreement dated August 1, 1920, with Harry J. Moore and Josiah B. Bartow as vendors, and the Fidelity Trust Company, of Philadelphia, Pa., and William P. Gest, of Merion, Pa., as trustees, and a certain agreement of lease and agreement of assignment of lease with the Fidelity Trust Company, of Philadelphia, Pa., and William P. Gest, of Merion, Pa., trustees, to be called Long Island equipment trust, series C, by and under the terms of which the Long Island Railroad Company obligates itself to pay \$1,688,000, principal amount, of 12-year equipment-trust certificates and attached dividend warrants to be issued thereunder by the trustees aforesaid, said certificates to be known as Long Island equipment-trust certificates, series C, to mature serially, the first series to mature August 1, 1921, and the remaining series on the 1st day of August of each year thereafter, respectively, to and including August 1, 1932, and to be signed and issued by the trustees aforesaid, bearing interest at the rate of 6 per

cent per annum, payable semiannually on the 1st day of February and of August in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement, and to make and deliver to said trustees its 6 per cent unsecured notes of the principal amount of \$419,279, one-fifth payable yearly during five years, with the privilege of deferring the first and second payments until the third year at face value and accrued interest, said equipment-trust certificates and said notes to be applied by the trustees aforesaid in the procurement of the equipment set forth in the lease aforementioned, as follows:

20 MP-54-B steel motor passenger cars, numbered 1678 to 1697, inclusive.....	\$636, 422
50 T-54-A steel trailer passenger cars, numbered 857 to 906, inclusive.....	363, 492
30 P-54-C steel passenger cars, numbered 392 to 421, inclusive.....	587, 365
Total estimated cost.....	2, 087, 279

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed and that it was under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with the governor of the state of New York, the only state in which the applicant carrier operates, and that no objection to the issuance by the Commission of an order granting the application has been offered by the public service commission or other appropriate state authority of said state; and

It further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed assumption of obligation on and under the equipment-trust certificates aforesaid and the proposed issue of notes by the Long Island Railroad (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Long Island Railroad Company be, and it is hereby, authorized to execute and deliver a certain agreement dated August 1, 1920, with Harry J. Moore and Josiah B. Bartow as vendors, and the Fidelity Trust Company, of Philadelphia, Pa., and William P. Gest, of Merion, Pa., as trustees, and a certain agreement of lease and agreement of assignment of lease with the Fidelity Trust Company of Philadelphia, Pa., and William

P. Gest, of Merion, Pa., trustees, to be called Long Island equipment trust, series C, by and under the terms of which the applicant obligates itself to pay \$1,668,000, principal amount, of 12-year equipment-trust certificates and attached dividend warrants to be issued thereunder by the trustees aforesaid, certificates to be known as Long Island equipment-trust certificates, series C, to mature serially, the first series to mature August 1, 1921, and the remaining series on the 1st day of August of each year thereafter, respectively, to and including August 1, 1932, and to be signed and issued by the trustees aforesaid, bearing interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of February and of August in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement, and that the form of the aforesaid agreement, agreement of lease, and agreement of assignment of lease filed in this case as exhibit A are hereby approved, and the applicant is further authorized to indorse on each of said certificates its guaranty for the prompt payment of the principal thereof and interest thereon.

It is further ordered, That upon the execution and the delivery of said agreement, agreement of lease, and agreement of assignment of lease herein authorized there shall be filed with the Commission verified copies of the same in the forms in which they were executed and delivered, together with an affidavit by the president or other executive officer of the company stating that the agreement, agreement of lease, and agreement of assignment of lease as executed and delivered are the same as herein approved by the Commission.

It is further ordered, That the said equipment-trust certificates of the principal amount of \$1,668,000 shall be sold at not less than their face value and accrued interest, to give net proceeds of at least \$1,668,000.

It is further ordered, That the Long Island Railroad Company be, and it is hereby, authorized to make and deliver to said trustees its 6 per cent unsecured notes of the face value of \$419,279, one-fifth payable yearly from date thereof during five years, with the privilege of deferring the first and second payments until the third year, at face value and accrued interest.

It is further ordered, That said equipment-trust certificates and said notes herein authorized, of the total face value of \$2,087,279 (or the proceeds thereof), shall be applied by said trustees solely and exclusively in payment for the equipment set forth in the lease hereinbefore approved, as follows:

20 MP-54-B steel motor passenger cars, numbered 1678 to 1697 inclusive.....	\$636, 422
50 T-54-A steel trailer passenger cars, numbered 857 to 906, inclusive.....	863, 492
30 P-54-C steel passenger cars, numbered 392 to 421, inclusive.....	587, 865
Total estimated cost.....	2, 087, 279

It is further ordered, That if the said certificates of \$1,668,000, principal amount, and the notes of a total face value of \$419,279 herein authorized shall be sold at such price as to realize net proceeds of more than \$2,087,279, no portion of the proceeds of such sale in excess of the last aforesaid sum shall be used for any purpose without the further order of the Commission.

It is further ordered, That none of the certificates and notes herein authorized shall be hypothecated or pledged as collateral unless any such pledge or hypothecation shall have been expressly approved and authorized by this Commission.

It is further ordered, That the Long Island Railroad Company shall for each six months' period ending June 30 and December 31 file, not more than 30 days from the end of such period, a verified report showing (a) what certificates and/or notes have been sold or otherwise disposed of during such period in accordance with the authority contained herein; (b) the date of such sale or disposition; (c) to whom such certificates and/or notes were sold; (d) what proceeds were realized from such sale; (e) any other terms and conditions of such sale; and (f) the amount expended in reasonable detail of the proceeds of the certificates and/or notes herein authorized for the purpose specified herein during such period, and stating to what account or accounts such expenditures have been charged; and continue to file such reports until all of said certificates and/or notes shall have been sold or disposed of and the proceeds expended in accordance with the authority contained herein; and if during any period no certificate and/or notes were sold or disposed of or proceeds expended, the report shall set forth such fact.

It is further ordered, That the applicant shall within 30 days of the service of this order advise this Commission whether or not it accepts the same with all its terms and conditions.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment-trust certificates, or interest thereon, or as to said notes or interest thereon on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1023.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Submitted August 31, 1920. Decided September 9, 1920.

Application granted in part and loan of \$896,925 approved.

C. A. Vinnedge for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

By Division 4:

The Terminal Railroad Association of St. Louis, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 24, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended.

In said application the applicant sets forth:

1. That the amount of the loan desired is \$2,759,675.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is to assist the applicant in securing additions and betterments and to pay maturing indebtedness as follows:

Additions and betterments:

Reconstruction of upper roadway, Eads bridge-----	\$56, 600
Renewing Eads bridge wind trusses, upper deck-----	73, 900
General Motors Company yard-----	44, 900
Completion of Upper Wiggins yard-----	170, 000
Chicago & Alton viaduct-----	55, 000
Ventilating flue from kitchen, union station-----	3, 000
Toilet facilities and lavatories, union station-----	7, 625
Equipment of North Market street car-repair shops-----	2, 300

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Additions and betterments—Continued.

Blow-off and hot-water washing systems, Fourteenth street shops -----	\$32,000
Additional track on St. Louis Terminal Railway, West Belt-----	109,250
Brooklyn shops extension and blow-off and hot-water washing systems -----	494,700
Grade separations ordered by city of St. Louis-----	200,000
Total additions and betterments-----	<u>1,248,675</u>

Demand maturities at 6 per cent interest:

March 13, 1918. Mississippi Valley Trust Co.-----	200,000
June 12, 1918. Mississippi Valley Trust Co.-----	200,000
November 13, 1919. Mercantile Trust Co.-----	650,000
September 16, 1919. Merchants-Laclede National Bank-----	175,000
March 18, 1919. Merchants-Laclede National Bank-----	286,000
Total maturities-----	<u>1,511,000</u>

4. That the use to which the loan will be applied is to assist applicant to make the aforesaid additions and betterments and to meet the aforesaid maturing indebtedness.

5. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

6. That the security offered is \$4,682,000 par value of Terminal Railroad Association of St. Louis general-mortgage refunding 4 per cent sinking-fund gold bonds dated January 1, 1903, and maturing January 1, 1953.

7. That with its present facilities the applicant is unable to meet the demands on it for freight transportation, and that the public convenience and necessity will be served by the making of the aforesaid additions and betterments which will enable the applicant to handle its constantly increasing traffic, and by the loan to enable applicant to meet its maturing indebtedness and prevent default thereon, resulting in a receivership.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives has approved the making of a loan to the applicant of 25 per cent of maturing indebtedness and at least 50 per cent of additions and betterments to promote the movement of freight-train equipment.

After investigation the Commission finds that the making in part of the proposed loan—

Purpose.	Total.	Financed by appli- cant.	Loan by United States.
Additions and betterments:	<i>100 per cent.</i>	<i>50 per cent.</i>	<i>50 per cent.</i>
Reconstruction of upper roadway, Eads bridge.....	\$55,600	\$28,300	\$28,300
Renewing Eads bridge trusses, etc.....	73,000	36,500	36,500
General Motors Company yard.....	44,900	22,450	22,450
Completion of Upper Wiggins yard.....	70,000	35,000	35,000
Chicago & Alton viaduct.....	35,600	17,800	17,800
Equipment of North Market car-repair shops.....	2,300	1,150	1,150
Blow-off, etc., Fourteenth street shops.....	32,000	16,000	16,000
Additional track, West Belt.....	109,250	54,625	54,625
Brooklyn shops extension.....	494,700	247,350	247,350
Total additions and betterments.....	1,038,350	519,175	519,175
Maturities:	<i>100 per cent.</i>	<i>75 per cent.</i>	<i>25 per cent.</i>
To Mississippi Valley Trust Company.....	\$400,000	\$300,000	\$100,000
To Mercantile Trust Company (Bank).....	650,000	487,500	162,500
To Merchants-Laclede National Bank.....	461,000	345,750	115,250
Total maturities.....	1,511,000	1,133,250	377,750
Grand total.....	2,549,350	1,652,425	896,925

by the United States for the aforesaid purposes is necessary in order to enable the applicant properly to meet the transportation needs of the public;

That the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan and reasonable protection to the United States; and

That the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 20 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$896,925 by the United States to the Terminal Railroad Association of St. Louis, hereinafter referred to as the applicant, for the purposes of aiding applicant to make additions and betterments and meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$896,925.

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4. That the time from the making thereof, within which the loan is to be repaid in full, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan for maturities shall be for \$377,750, maturing five years from the date thereof. Prior to the making of the loan for maturities, the applicant shall finance effectively, for a term of not less than one year, at an annual total cost to itself of not exceeding 7 per cent, the remainder of the demand notes held by St. Louis, Mo., banks, said remainder being as follows: Mississippi Valley Trust Company, \$300,000; Mercantile Trust Company, \$487,300; Merchants-Laclede National Bank, \$345,750. The accomplishment of said financing shall be certified to the Commission by the affidavit of an executive officer of the applicant. The loan for maturities shall be collaterally secured by the following: Terminal Railroad Association of St. Louis general-mortgage refunding 4 per cent sinking-fund gold bonds, dated January 1, 1903, and maturing January 1, 1953, in the par value of \$697,000. Said bonds are of the denomination of \$1,000 and are numbered as follows: 27564 to 28260, inclusive, a total of 697 bonds.

(b) The loan for additions and betterments shall be for \$519,175, maturing 15 years from the date thereof, and shall be collaterally secured by the following: Terminal Railroad Association of St. Louis general-mortgage refunding 4 per cent sinking-fund gold bonds, dated January 1, 1903, and maturing January 1, 1953, in the par value of \$963,000. Said bonds are of the denomination of \$1,000 and are numbered as follows: 28261 to 28463, inclusive, and 24643 to 24857, inclusive, and 28464 to 29008, inclusive, a total of 963 bonds.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) Applicant shall have the privilege of paying all or any part of the loan at any time before maturity.

(e) The collateral security for the loan shall be released proportionately as parts of the loan are paid.

(f) In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed well and truly to comply with any one or more of the terms and conditions contained in the following subsections 1, 2, and 3, the whole or any part of the loan, as the

Commission may designate, shall become due and payable. (1) The cost to the applicant of any loan which may be secured from sources other than the United States, for use in connection with this loan, shall not exceed 7 per cent per annum, including in such cost, discounts, attorneys' fees, and any and all other expenses. (2) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classifications of steam roads in effect at the time the expenditures may be made. (3) The applicant shall furnish on or about January 1, and July 1, 1921, the detailed certificates, under oath of its chief engineer, showing the character and cost of the additions and betterments made in connection with the loan for said purposes. The loans for additions and betterments shall have been expended or definitely obligated for the purpose for which loaned, or repaid to the United States, on or before July 1, 1921.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 9th day of September, 1920.

65 I. C. C.

FINANCE DOCKET No. 42.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE PARIS & MOUNT PLEASANT RAILROAD COMPANY FOR AUTHORITY TO ISSUE RECEIVER'S CERTIFICATES.

Submitted August 24, 1920. Decided September 10, 1920.

Authority granted for issue of receiver's certificates for \$100,000, payable one year from date thereof, with interest at the rate of 8 per cent.

Ben B. Cain for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That R. W. Wortham, receiver of the Paris & Mount Pleasant Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing the issue of receiver's certificates in the amount of \$100,000, said certificates to be payable at the office of the receiver of the Paris & Mount Pleasant Railroad Company one year from date thereof, with interest thereon at the rate of 8 per cent per annum, payable semiannually, in order to enable said receiver to place the line of railroad of said company in shape for safe and economical operation by making necessary repairs to the roadway, station buildings, and equipment of the carrier; and

It further appearing, That said R. W. Wortham, receiver of the Paris & Mount Pleasant Railroad Company, has heretofore, by order and decree of the district court of Lamar county, Tex., sixth judicial district, been authorized and empowered to issue receiver's certificates of indebtedness to an amount not exceeding \$100,000;

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed by said receiver; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governor of the state of Texas, the only state in which the applicant carrier operates, and that no objection to the issuance by this Commission of an order granting the application has been offered by the Railroad Commission of the state of Texas, and

It further appearing, That full investigation of the matters and things involved in this application has been had:

Held, That the proposed issue by R. W. Wortham, receiver of the Paris & Mount Pleasant Railroad Company, (a) is for a lawful

object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

It is therefore ordered, That in pursuance of and in accordance with the order and decree of court, dated July 30 and entered July 31, 1920, in *T. D. Wilson and R. G. Norris v. Paris & Mount Pleasant Railroad Company*, No. 2699, pending in the district court of Lamar county, Tex., sixth judicial district, said R. W. Wortham, receiver of Paris & Mount Pleasant Railroad Company, be, and he is hereby, authorized to issue, in his capacity as receiver of said Paris & Mount Pleasant Railroad Company, certificates of indebtedness to an amount not to exceed \$100,000, said certificates to be disposed of at par, to be payable one year after date, and to bear interest at the rate of 8 per cent per annum, payable semiannually, and to be in the form set forth in the aforementioned order and decree, a certified copy of which order has been filed in this proceeding, which form of certificate is hereby approved.

It is further ordered, That the proceeds of said receiver's certificates shall be used, as set forth in exhibit F accompanying the application, for the following and no other purposes:

Account No. 202. Roadway maintenance.....	\$15, 000
Account No. 208. Bridges, trestles, and culverts.....	10, 000
Account No. 212. Ties.....	40, 000
Account No. 218. Ballast.....	20, 000
Account No. 227. Station and office buildings.....	5, 000
Account No. 308. Steam locomotives—Repairs.....	3, 500
Account No. 314. Freight-train cars—Repairs.....	500
Account No. 317. Passenger-train cars—Repairs.....	1, 000
Miscellaneous, including repairs to telephone lines, water and fuel stations, etc.....	5, 000

and that said R. W. Wortham, receiver of the Paris and Mount Pleasant Railroad Company, shall make periodical statements to this Commission setting forth the purposes for which said proceeds have been used, the first statement to be made 60 days after the date of this order and subsequent statements to be made every 60 days thereafter, until such necessary repairs to the roadway, station buildings, and equipment of said carrier have been made so as to put the line into shape for safe and economical operation, or until all of said proceeds shall have been expended.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receiver's certificates, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 939.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Approved by the Commission, Division 4, September 10, 1920.

DIVISION 4, COMMISSIONERS DANIELS, EASTMAN, AND POTTER.

Supplemental Certificate No. 18 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission, on the 14th day of August, 1920, issued its certificate No. 18 approving the making of a loan under section 210 of the transportation act, 1920, as amended, to the Chicago & Western Indiana Railroad Company, hereinafter referred to as the applicant.

The Interstate Commerce Commission hereby supplements its said certificate No. 18 and certifies to the Secretary of the Treasury its further findings as follows:

1. The funds to be financed by the applicant, in connection with the loan, from sources other than the United States have been financed by the applicant for a term of 15 years. The term of the loan shall be 15 years.

2. The loan to the applicant shall be collaterally secured by the pledge of \$10,500,000, par value, Chicago & Western Indiana Railroad Company series-A first and refunding mortgage 50-year 5 per cent gold bonds, due September 2, 1962. There may be received for this pledge Chicago & Western Indiana Railroad Company series-A first and refunding mortgage 50-year 5 per cent gold bonds due September 2, 1962, pledged with the Bankers Trust Company, New York, under applicant's collateral-trust indenture dated September 1, 1917, securing applicant's collateral-trust gold notes of \$15,000,000 due September 1, 1918, and extended to September 1, 1920, to aid in the meeting of which this loan to the extent of \$8,000,000 is made, when and if said first and refunding mortgage 50-year 5 per cent gold bonds shall have been released from the pledge and lien aforesaid. Said bonds in the amount specified and under pledge with the

Bankers Trust Company under the applicant's collateral-trust indenture dated September 1, 1917, are in the denominations and numbers as follows: One bond of \$5,000,000, No. 16; five bonds of \$1,000,000 each, Nos. 17, 18, 19, 20, and 21, respectively; and one bond of \$500,000, No. 22; all of said bonds being a part of and designated as series-A bonds.

3. The applicant has financed \$8,000,000, being the remainder of the maturities, to aid in the meeting of which this loan is made, at a total cost to itself of not more than $7\frac{1}{2}$ per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith, except such as may result from redemption of bonds at not exceeding 105 under sinking-fund provision.

4. Certificate No. 18 contains, in paragraph 5, the condition that there shall be filed with the Secretary of the Treasury the opinion of counsel (who may be of counsel for the applicant) in respect of the security for the loan. Such opinion by C. G. Austin, jr., general counsel for the applicant, has been filed with the Commission. Said opinion shows the corporate power of the applicant to issue, give, and pledge the security for the loan, the proper exercise of said corporate power and the validity of the security and of the pledge thereof, and is satisfactory to the Commission. The applicant has complied sufficiently with the aforesaid condition of paragraph 5 of certificate No. 18. The duplicate original of said opinion, marked "Exhibit A," is attached hereto.¹

Done in Washington, D. C., this 10th day of September, 1920.

¹ Filed with the Commission but omitted from printed report.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved by the Commission, Division 4, September 10, 1920.

DIVISION 4, COMMISSIONERS DANIELS, EASTMAN, AND POTTER.

Amended Certificate No. 17 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$997,830 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, for the purpose of providing it with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which shall be made is \$997,830.

4. That the time from the making thereof within which the loan shall be repaid in full shall be 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, shall be:

(a) The loan shall be for \$997,830, maturing in 15 years from the date thereof.

(b) Said loan shall be secured to the United States by the pledge of the applicant's first-mortgage 4 per cent gold bonds, due September 1, 1959, in the sum of \$2,000,000.

(c) The applicant shall have the privilege of paying any part or all of the loan at any time before maturity. The bonds pledged as collateral security shall be released proportionately as parts of the loan are paid.

35 I. C. C.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(e) In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed well and truly to comply with any one or more of the terms and conditions contained in the following subsections (1), (2), and (3), the whole or any part of the loan, as the Commission may designate, shall become due and payable: (1) The cost to the applicant of any loan which may be secured from sources other than the United States for use in connection with this loan shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith. (2) No part of said loan for additions and betterments shall be used for purposes which, under the accounting regulations of the Commission, might or would be chargeable to accounts other than those prescribed in the present classification of investment in road and equipment of steam roads. (3) The applicant shall furnish to the Commission on or about January 1 and July 1, 1921, the detailed certificates, under oath of its chief engineer, showing the character and cost of the additions and betterments made with or in connection with the funds provided by this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or repaid to the United States, on or before July 1, 1921.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 10th day of September, 1920.

65 I. C. C.

FINANCE DOCKET No. 19.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & LAKE ERIE RAILROAD COMPANY FOR AUTHORITY TO EXECUTE AN EQUIPMENT TRUST.

Submitted July 30, 1920. Decided September 11, 1920.

Authority granted applicant to execute and deliver an agreement dated July 15, 1920, with John Carstensen, Milton S. Barger, and Harry G. Snelling, as vendors, and the Guaranty Trust Company of New York, as trustee, to be called Pittsburgh & Lake Erie Railroad equipment trust of 1920, and a certain agreement of lease with the Guaranty Trust Company of New York, by which agreement the applicant obligates itself to pay \$2,400,000 of 15-year equipment-trust gold certificates and attached dividend warrants to be issued thereunder by aforesaid trustee.

Reed, Smith, Shaw & Beal for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Pittsburgh & Lake Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for an order authorizing it to execute and deliver a certain agreement dated July 15, 1920, with John Carstensen, Milton S. Barger, and Harry G. Snelling, as vendors, and the Guaranty Trust Company of New York, as trustee, and a certain agreement of lease with the Guaranty Trust Company of New York, as trustee, to be called Pittsburgh & Lake Erie Railroad equipment trust of 1920, by and under the terms of which the Pittsburgh & Lake Erie Railroad Company obligates itself to pay \$2,400,000 of 15-year equipment-trust certificates and attached dividend warrants to be issued thereunder by the trustee aforesaid, said certificates to be known as the Pittsburgh & Lake Erie Railroad equipment trust of 1920 7 per cent equipment-trust gold certificates, to mature serially, the first series to mature July 15, 1921, and the remaining series on the 15th day of July of each year thereafter, respectively, to and including July 15, 1935, and to be signed and issued by the trustee aforesaid,
65 I. C. C.

bearing interest at the rate of 7 per cent per annum, payable semi-annually on the 15th day of January and July in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement, said equipment-trust certificates to be applied by the trustee, on a basis of 97 per cent of principal amount and accrued interest, in the procurement of the equipment set forth in the lease aforementioned, as follows: 1,375 55-ton all-steel hopper cars, of the total estimated cost of \$3,508,300; and.

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to and a copy thereof filed with the governor of each state in which the applicant carrier operates, as required by section 20a, and that no objection to the issuance by this Commission of an order granting the application has been offered by the railroad commissions, public service or utility commissions, or other appropriate state authorities of such states; and

It further appearing, That the petition has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed assumption of obligation on and under the equipment-trust certificates by the Pittsburgh & Lake Erie Railroad Company (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Pittsburgh & Lake Erie Railroad Company be, and it is hereby, authorized to execute and deliver a certain agreement dated July 15, 1920, with John Carstensen, Milton S. Barger, and Harry G. Snelling, as vendors, and the Guaranty Trust Company of New York, as trustee, and a certain agreement of lease with the Guaranty Trust Company of New York, to be called Pittsburgh & Lake Erie Railroad equipment trust of 1920, by and under the terms of which the Pittsburgh & Lake Erie Railroad Company obligates itself to pay \$2,400,000, principal amount, of 15-year equipment-trust gold certificates and attached dividend warrants to be issued thereunder by the trustee, said certificates to be known as Pittsburgh & Lake Erie Railroad equipment trust of 1920 7 per cent

equipment-trust gold certificates, to mature serially, the first series to mature July 15, 1921, and the remaining series on the 15th day of July of each year thereafter, respectively, to and including July 15, 1935, and to be signed and issued by the trustee, bearing interest at the rate of 7 per cent per annum, payable semiannually on the 15th days of January and July in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement, and that the form of the aforesaid agreement and agreement of lease filed in this case are hereby approved.

It is further ordered, That upon the execution and the delivery of said agreement and agreement of lease herein authorized there shall be filed with this Commission verified copies of the same in the form in which they were executed and delivered, together with an affidavit by the president or other executive officer of the applicant stating that the agreement and agreement of lease as executed and delivered are the same as herein approved by the Commission.

It is further ordered, That said equipment-trust certificates of the principal amount of \$2,400,000 shall be sold at not less than 97 per cent of their face value and accrued interest to give net proceeds of \$2,328,000.

It is further ordered, That said equipment-trust certificates herein authorized of the total face value of \$2,400,000 (or the proceeds thereof) shall be applied by said trustee solely and exclusively toward payment for the equipment set forth in the lease hereinbefore approved, as follows: 1,375 55-ton all-steel hopper cars, of the total estimated cost of \$3,508,300.

It is further ordered, That if said certificates of the principal amount of \$2,400,000 shall be sold at such price as to realize net proceeds of more than \$2,328,000, no portion of the proceeds of such sale in excess of the last aforementioned sum shall be used for any purpose without the further order of the Commission.

It is further ordered, That none of said certificates herein authorized shall be hypothecated or pledged as collateral unless any such pledge or hypothecation shall have been expressly approved and authorized by this Commission.

It is further ordered, That the Pittsburgh & Lake Erie Railroad Company shall for each six-months' period ending June 30 and December 31 file not later than 30 days from the end of such period a verified report showing (a) what certificates have been sold or otherwise disposed of during such period in accordance with the authority contained herein; (b) the date of such sale or disposition; (c) to whom such certificates were sold; (d) what proceeds were realized from such sale; (e) any other terms and conditions of such sale; and (f) the amount expended in reasonable detail of the pro-

ceeds of the certificates herein authorized for the purpose specified herein during such period, and stating to what account or accounts such expenditures have been charged; and continue to file such reports until all of said certificates shall have been sold or disposed of and the proceeds expended in accordance with the authority contained herein, and if during any period no certificates were sold or disposed of or proceeds expended the report shall set forth such fact.

It is further ordered, That the applicant shall within 30 days of the service of this order advise this Commission whether or not it accepts the same with all its terms and conditions.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment-trust certificates, or interest thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(September 30, 1920.)

Upon consideration of the supplemental application of the Pittsburgh & Lake Erie Railroad Company filed September 23, 1920, in the above-entitled proceeding:

It is ordered, That the order of this Commission made in this proceeding September 11, 1920, be, and it hereby is, amended so as to provide that the equipment-trust certificates to be issued under the agreement establishing the Pittsburgh & Lake Erie Railroad equipment trust of 1920 shall bear interest at the rate of $6\frac{1}{2}$ per cent per annum instead of 7 per cent, and that they may be sold at a price which will net the applicant, after the payment of expenses and commissions, not less than an average of 95 per cent of par plus accrued interest thereon; that said trust agreement and said certificates shall be dated October 1, 1920, instead of July 15, 1920; that the interest on said certificates shall be payable semiannually on April 1 and October 1, instead of January 15 and July 15; that said certificates shall mature serially on October 1 instead of July 15, the first series to mature on October 1, 1921; and that the forms of said certificates, of said trust agreement, and of the lease of equipment thereunder shall be made to conform to the changes herein authorized.

It is further ordered, That, except as herein amended, the said order shall remain unchanged.

65 I. C. C.

FINANCE DOCKET No. 1017.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted July 12, 1920. Decided September 11, 1920.

Application granted in part and loan of \$6,073,400 approved.

S. Davies Warfield and Forney Johnston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 22, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with the provisions of section 210 of the transportation act, 1920, and on June 19, July 6, and July 12, 1920, amended and supplemented its said application, pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the act.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$11,337,400.
2. That the term for which the loan is desired is 15 years.
3. That the purposes and uses of the loan are to assist the applicant in the acquisition of new equipment and in completing the financing of equipment heretofore acquired, in providing itself with additions and betterments to roadway and equipment, and in meeting maturing obligations.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. The character of the security offered in connection with the loan sought is the applicant's first and consolidated series-A 6 per cent bonds of 1945.

65 I. C. C.

6. The extent to which the public convenience and necessity will be served.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The applicant, by its comptroller, L. R. Powell, jr., made oral request on September 8, 1920, that the amount of loan requested for refrigerator equipment, \$241,400, be reduced to \$199,400.

After investigation, the Commission finds that the making in part of the proposed loan in the amount of \$6,073,400, to be used in the manner hereinafter set forth, is necessary to enable the applicant properly to meet the transportation needs of the public.

	Cost.	Financed by appli- cant.	Loan by United States.
Refrigerator equipment.....	\$1,058,000	\$858,600	\$199,400
Additions and betterments (1920).....	750,000		750,000
Maturities.....	8,248,000	8,124,000	8,124,000
Total.....	10,056,000	8,982,600	6,073,400

The Commission further finds that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and afford reasonable protection to the United States, and that the applicant is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

A certificate will be issued accordingly.

Certificate No. 21 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$6,073,400 by the United States to the Seaboard Air Line Railway Company, hereinafter called the applicant, for the purpose of providing said applicant with refrigerator cars and additions and betterments and to assist it in meeting its maturing obligations is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection therewith.

3. That the amount of the loan which is to be made is \$6,073,400.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, shall be as follows:

(a) The loan shall be made within 90 days from the date of this certificate, in five installments of \$1,214,680 each. The several installments of loan shall be repaid in from 11 to 15 years from the dates thereof, as follows:

Installment No. 1-----	\$1,214,680	1931
Installment No. 2-----	1,214,680	1932
Installment No. 3-----	1,214,680	1933
Installment No. 4-----	1,214,680	1934
Installment No. 5-----	1,214,680	1935

Upon making the first installment of the loan, \$1,214,680, there shall be pledged as collateral security for the entire loan \$199,400, par value, paid-up stock of the Fruit Growers' Express Company; \$2,235,000, par value, of the Seaboard Air Line Railway Company 6 per cent preferred stock; \$1,500,000, par value, of the Seaboard Air Line Railway Company common stock; and \$83,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. Upon making the second, third, and fourth installments of the loan, each installment being for \$1,214,680, there shall be pledged in each case as collateral security for the entire loan \$1,823,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. Upon making the fifth and last installment of the loan, \$1,214,680, there shall be pledged as collateral security for the entire loan \$1,819,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. After all installments of the loan shall have been made, the security for the entire loan will be as follows:

First Installment:	Par value
Fruit Growers' Express Company paid-up stock-----	\$199,400
Seaboard Air Line Railway Company 6 per cent preferred stock-----	2,235,000
Seaboard Air Line Railway Company common stock-----	1,500,000
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	483,000
Second Installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	1,823,000

	Par Value.
Third installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	\$1, 823, 000
Fourth installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	1, 823, 000
Fifth installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	1, 819, 000
Recapitulation:	
Fruit Growers' Express Company stock-----	199, 400
Seaboard Air Line Railway Company 6 per cent preferred stock-----	2, 235, 000
Seaboard Air Line Railway Company common stock-----	1, 500, 000
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945-----	7, 771, 000

(b) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(c) The collateral security shall be released proportionately as installments of the loan are paid.

(d) Applicant shall have the privilege of paying any part or all of the loan before maturity.

(e) In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed well and truly to comply with any one or more of the terms and conditions contained in the following subsections (1), (2), and (8), the whole or any part of the loan, as the Commission may designate, shall become due and payable. (1) The cost to the applicant of any loan which may be secured from sources other than the United States, for use in connection with this loan, shall not exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses, except that to effectively accomplish the further extension of \$1,000,000, par value, of applicant's maturing two-year extended 6 per cent notes, aggregating \$4,000,000, the applicant may incur an additional expense of one-half of 1 per cent of said \$1,000,000 of notes; said additional expense not to exceed a total amount of \$5,000, to which may be added such reasonable sum, not to exceed a total amount of \$10,000, as may be necessary for printing, advertising, distribution of circulars, and necessary and reasonable trustees' fees in the matter of an extension trust agreement and the issue of extension notes. (2) The expenditures made from the loan for additions

and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classifications for steam roads in effect at the time the expenditures may be made. (3) The applicant shall furnish the Commission on January 1 and July 1, 1921, detailed certificates, under oath of its chief engineer, of additions and betterments made with or in connection with the loan, for substantially the following purposes and amounts:

Ballast, decking, and strengthening and filling trestles.....	\$58,750
Ballasting roadbed.....	75,000
Rail renewals.....	228,000
Dredging.....	27,000
Shop machinery and facilities.....	53,375
Cinder pit and fuel facilities.....	10,000
Passing and yard tracks.....	27,000
Minor betterments to existing equipment.....	60,000
Additional work equipment.....	45,000
Station facilities.....	23,900
Industrial tracks.....	92,101
Miscellaneous items.....	49,874
Total.....	750,000

The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned or repaid to the United States on or before July 1, 1921.

(f) In the event of the actual or threatened insolvency of the applicant, or in the event of the actual or threatened failure of the applicant or its successors to meet the interest or principal when due on any of the notes or other forms of obligation by which the loan is to be evidenced, or in the event of the failure of the applicant to meet any of its other obligations in connection with the loan, or in the event of actual or threatened receivership of the applicant, the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may declare all of the obligations and accrued interest thereon in respect of the loan to be due and payable, and the principal and interest of the said obligations shall thereupon be immediately due and payable to the United States.

6. That the prospective earning power of the applicant, together with the character and value of the security required, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources, with the funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 11th day of September, 1920.

65 I. C. C.

Amended Certificate No. 21 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 21 for loan under section 210 of the transportation act, 1920, as amended, and certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$6,073,400 by the United States to the Seaboard Air Line Railway Company, hereinafter called the applicant, for the purpose of providing said applicant with refrigerator cars and additions and betterments and to assist it in meeting its maturing obligations is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection therewith.

3. That the amount of the loan which is to be made is \$6,073,400.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, shall be as follows:

(a) The loan shall be made within 90 days from the date of this certificate, in five installments of \$1,214,680 each. The several installments of loan shall be repaid in from 11 to 15 years from the dates thereof as follows:

Installment No. 1.....	\$1, 214, 680	1931
Installment No. 2.....	1, 214, 680	1932
Installment No. 3.....	1, 214, 680	1933
Installment No. 4.....	1, 214, 680	1934
Installment No. 5.....	1, 214, 680	1935

Upon making the first installment of the loan, \$1,214,680, there shall be pledged as collateral security for the entire loan \$199,400, par value, of the stock of the Fruit Growers' Express Company, represented by certificates which shall express the stock represented thereby to the paid-up \$2,235,000 par value, of the Seaboard Air Line Railway Company 6 per cent preferred stock; \$1,500,000, par value, of the Seaboard Air Line Railway Company common stock; and \$483,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. Upon making the second, third, and fourth installments of the loan, each installment being for \$1,214,680, there shall be pledged in each case as additional collateral security for the entire loan \$1,823,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. Upon mak-

ing the fifth and last installment of the loan, \$1,214,680, there shall be pledged as additional collateral security for the entire loan \$1,819,000, par value, of the Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds maturing 1945. After all installments of the loan shall have been made, the security for the entire loan will be as follows:

	Par value.
First installment:	
Fruit Growers' Express Company paid-up stock.....	\$199, 400
Seaboard Air Line Railway Company 6 per cent preferred stock..	2, 235, 000
Seaboard Air Line Railway Company common stock.....	1, 500, 000
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	483, 000
Second installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	1, 823, 000
Third installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	1, 823, 000
Fourth installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	1, 823, 000
Fifth installment:	
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	1, 819, 000
Recapitulation:	
Fruit Growers' Express Company stock.....	199, 400
Seaboard Air Line Railway Company 6 per cent preferred stock..	2, 235, 000
Seaboard Air Line Railway Company common stock.....	1, 500, 000
Seaboard Air Line Railway Company first and consolidated series-A 6 per cent bonds, maturing 1945.....	7, 771, 000

(b) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(c) The collateral security shall be released proportionately as installments of the loan are paid.

(d) Applicant shall have the privilege of paying any part or all of the loan before maturity.

(e) In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed well and truly to comply with any one or more of the terms and conditions contained in the following subdivisions (1), (2), and (3), the whole or any part

of the loan, as the Commission may designate, shall, at the option of the holder, become due and payable. (1) The cost to the applicant of any loan which may be secured from sources other than the United States, for use in connection with this loan, shall not exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses, except that to effectively accomplish the further extension of \$1,000,000, par value, of applicant's maturing two-year extended 6 per cent notes, aggregating \$4,000,000, the applicant may incur an additional expense of one-half of 1 per cent of said \$1,000,000 of notes, said additional expense not to exceed a total amount of \$5,000, to which may be added such reasonable sum, not to exceed a total amount of \$10,000, as may be necessary for printing and advertising, distribution of circulars, and necessary and reasonable trustees' fees in the matter of an extension trust agreement and the issuance of extension notes. (2) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classifications for steam roads in effect at the time the expenditures may be made. (3) The applicant shall furnish the Commission on January 1 and July 1, 1921, detailed certificates, under oath of its chief engineer, of additions and betterments made with or in connection with the loan for substantially the following purposes and amounts:

Ballast, decking, and strengthening and filling trestles.....	\$58, 750
Ballasting roadbed.....	75, 000
Rail renewals.....	228, 000
Dredging.....	27, 000
Shop machinery and facilities.....	53, 375
Cinder pit and fuel facilities.....	10, 000
Passing and yard tracks.....	27, 000
Minor betterments to existing equipment.....	60, 000
Additional work equipment.....	45, 000
Station facilities.....	23, 900
Industrial tracks.....	92, 101
Miscellaneous items.....	49, 874
Total.....	750, 000

The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or repaid to the United States, on or before July 1, 1921. In the event of the failure of the applicant to meet the interest of principal when due of any of the notes or other forms of obligation by which the loan is to be evidenced, or in the event of the insolvency of the applicant, or in the event of the appointment of a receiver of the applicant, or of its property, the whole or any part of the obligation or obligations of the applicant given pursuant to this certificate, with accrued

interest thereon, shall mature at the election of the holder thereof upon presentation thereof for payment.

6. That the prospective earning power of the applicant, together with the character and value of the security required, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 15th day of September, 1920.

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FINANCE DOCKET No. 39.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE COLLATERAL-TRUST BONDS AND REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

Submitted September 10, 1920. Decided September 13, 1920.

Authority granted (1) to issue \$25,000,000 of 10-year 7 per cent collateral-trust bonds, to be dated September 1, 1920, if coupon bonds, and on the date of issue, if registered bonds, without coupons, to mature September 1, 1930, and to bear interest at the rate of 7 per cent, in accordance with a certain trust agreement, and (2) to issue \$25,000,000 of refunding and improvement mortgage bonds, series B, coupon and registered, to be dated April 1, 1920, to mature October 1, 1933, and to bear interest at the rate of 6 per cent, in accordance with a certain mortgage and supplemental mortgage, to be pledged as part of the security for above 10-year 7 per cent collateral-trust bonds; provided, as conditions precedent, that \$20,000,000 of the applicant's refunding and improvement mortgage bonds, series A, now pledged as collateral security for the applicant's one-year collateral-trust notes due September 15, 1920, be released from pledge and canceled prior to or at the time of the issue of said series-B bonds.

Robert J. Cary for applicant.

Lansing P. Reed for J. P. Morgan & Company, and *Alfred P. Thom* for Association of Railway Executives.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority to issue \$25,000,000 of its 10-year collateral-trust gold bonds bearing interest at the rate of 7 per cent per annum and due September 1, 1930, and to issue also \$25,000,000 of its series-B refunding and improvement mortgage bonds bearing interest at the rate of 6 per cent and due October 1, 1933. The 10-year collateral-trust bonds are to be sold to the public. The mortgage bonds are to be pledged as security for the payment of the collateral-trust bonds and authority is sought to issue them for this purpose only. The applicant was unwilling, in view of the prevailing high interest rates, to offer to the public an issue of long-term mortgage bonds, but prefers instead to issue bonds which may be retired at the end of 10 years, using the mortgage bonds as collateral. As additional security, the applicant proposes to pledge \$3,750,000 par value of the first-preferred stock and

\$5,500,000 par value of the second-preferred stock of the Reading Company, now held in its treasury, so that the market value of all the collateral may approximate 125 per cent of the face value of the collateral-trust bonds.

The proceeds of the collateral-trust bonds are to be used in part to pay \$15,000,000 of applicant's one-year 6 per cent collateral-trust gold notes maturing on September 15, 1920, which are secured by \$20,000,000 of series-A $4\frac{1}{2}$ per cent refunding and improvement mortgage bonds. These notes were issued to pay two-year notes, similarly secured, which matured on September 15, 1919, the latter having been issued in 1917, with the approval of various state railway commissions, to reimburse the applicant's treasury for expenditures upon additions and improvements to property owned or leased by the applicant. When the one-year notes are paid, the series-A mortgage bonds are to be canceled. The remaining proceeds of the collateral-trust bonds are to be used to reimburse the treasury for the payment of \$130,000 of Norwood & Montreal mortgage bonds which matured on April 1, 1916, for the payment of \$375,000 of Rome, Watertown & Ogdensburg mortgage bonds which matured on May 1, 1918, and for expenditures upon additions and improvements aggregating more than \$7,000,000; and to provide funds for further additions and improvements which are still to be made. Capital expenditures provided for by the notes issued in 1917, as well as those which are to be provided for by the new bonds, are listed in detail in verified schedules submitted with the application.

It is the intention of the applicant when its treasury has thus been reimbursed to arrange for the payment of a note for \$6,000,000 which matures on November 17, 1920, and a further note for \$2,000,000 which matures on January 2, 1921.

Copies of the application were sent, as required by section 20a of the interstate commerce act, to the governors of all states in which applicant operates. No objection to the granting of the authority desired was offered on behalf of any of these states except the state of Michigan. Because of an understanding reached between the authorities of that state and the applicant, this objection was not pressed before us.

It developed at the hearing that the proposed collateral-trust bonds had been sold on August 20, 1920, subject to our authorization. While the law does not prohibit such a conditional sale in advance of approval of an issue of securities, carriers should realize that we shall not be controlled in our action by representations that failure to accord approval of issues conditionally sold will result in disturbance or disarrangement of plans based upon anticipated approval.

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The facts in regard to the sale are briefly these. It was made without competition. Applicant dealt only with J. P. Morgan & Company and accepted that firm's agreement to "endeavor to form a syndicate to purchase from ourselves and associates at 97 per cent and accrued interest and offer for public subscription at par and accrued interest." If this endeavor proved successful, J. P. Morgan & Company agreed to buy the bonds at 96.5259 per cent of par and accrued interest, or, in other words, upon a 7.5 per cent basis. The "associates" mentioned in the agreement were eventually the National City Company and the First National Bank of New York. The evidence shows that on August 18, 1920, J. P. Morgan & Company, by wire and letter, invited various dealers in investment securities throughout the country to become members of the syndicate, notifying them of the amounts of their participation, to which they were to signify their assent by 10 o'clock on the morning of August 20, when the subscription books were to be formally opened. Out of 428 dealers to whom the invitation was sent, including J. P. Morgan & Company, 403 accepted. The subscription books were closed within two hours of their opening, and there were 6,473 subscriptions, at par and accrued interest, totaling \$39,393,500, an over-subscription of more than 50 per cent. The evidence shows that the contract of conditional sale between J. P. Morgan & Company and the applicant was not consummated until after the formation of the syndicate on August 20.

The entire cost to the applicant of marketing the issue was the difference between the par value of the bonds and the sale price to J. P. Morgan & Company, this difference being \$868,525, plus small amounts for taxes, legal services, and the engraving of the certificates. J. P. Morgan & Company received as syndicate manager \$118,525, which was divided with its associates, and out of which it paid certain clerical expenses, but none of the other expenses of the syndicate. The syndicate members who placed the bonds with investors received from the syndicate for such services a commission of 1.5 per cent on all sales within the amounts allotted to them and a commission of 2 per cent upon sales in excess of the allotments. After deducting these commissions and the expenses of the syndicate, the portion of the \$750,000 remaining was distributed to members of the syndicate in proportion to their allotments. This profit amounted to about 1.1 per cent. Out of the 403 syndicate members, 26 sold no bonds. The distribution of the \$750,000 is shown in the following table:

Gross profit of 3 per cent.....	\$750,000
Straight selling commission, 1.5 per cent (\$375,000), on \$25,000,000....	425,180
Extra selling commission, 0.5 per cent (\$50,130), on \$10,023,000.....	
Gross profit less commissions.....	324,870
Legal expenses, advertising, etc.....	50,000
Net profit, or 1.09948 per cent of \$25,000,000.....	274,870

It appears that the main items of expense comprising the \$50,000 were approximately \$27,000 for advertising and \$15,000 for legal services.

Conditions arising out of the war have radically changed the character of the investment market. Evidence was offered to the effect that owing to the heavy income tax the tendency of large individual buyers is to purchase tax-free securities. High returns promised in competing lines of investment deter some investors from investing freely in railroad securities. Higher margins on the placement of certain competing investments also incline distributors to prefer the placement of the latter. The banks, moreover, find it necessary to use their funds chiefly for commercial purposes. To a much greater extent than heretofore railroad securities must, therefore, be sold to small buyers, and this makes necessary more comprehensive and expensive machinery of distribution. Applicant testified that it had no means of effecting such distribution upon its own account, and that it resorted to J. P. Morgan & Company because of that firm's prestige and experience and established connections with investment houses all over the country. In other words, Morgan & Company acted as middleman between the corporation and the distribution machinery necessary to place so large an issue of securities, and in the opinion of the applicant the issue could not have been effected in any other way. Evidence was also offered by representatives of investment houses as to the greatly enhanced cost at the present time of distributing securities, because of increased salaries, higher rents, the necessity of appealing to a wider field of investors, and other factors entering into the conduct of the business.

We have thought it necessary to set forth in detail the circumstances and cost attending the marketing of the proposed issue because the assurance of reasonable terms afforded by competitive bids was not present. In saying this we realize that, under the conditions prevailing in the financial world, applicant probably could not have obtained the advantage of open competition; but this fact merely emphasizes the necessity of our considering in this and all similar cases the terms of sale which we are asked to approve. In the present instance, in view of the small financial risk and the apparent ease with which the subscriptions were obtained, we think the discount at which the bonds were sold was liberal. The evidence, however, is not sufficient to justify a conclusion that the cost of floating the issue was such that we ought, under all the circumstances, to withhold approval of the terms and conditions set forth in applicant's petition.

The subject matter is plainly one deserving of attention, and it is desirable that carriers intending to present applications for the ap-

proval of security issues should appreciate that the proposed terms and conditions will be the subject of our careful consideration.

We find, upon consideration of the record, that the proposed issues of bonds by the applicant are consistent with the conditions laid down by law as to legality, necessity, and propriety, and that the application should be granted.

An order will be entered accordingly.

ORDER.

It appearing, That the New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to issue (1) \$25,000,000 of 10-year 7 per cent collateral-trust gold bonds, under a trust agreement to be dated September 1, 1920, and (2) \$25,000,000 of refunding and improvement mortgage bonds, series B, under the refunding and improvement mortgage dated October 1, 1913, executed and delivered by the New York Central & Hudson River Railroad Company (a predecessor of the applicant), which by a supplemental mortgage, dated June 15, 1915, was assumed by the applicant, and whereby the lien of said mortgage of October 1, 1913, was extended; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with the governors of the states of New York, New Jersey, Massachusetts, Pennsylvania, Ohio, Indiana, Illinois, and Michigan, the only states in which said carrier operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the railroad, public service or utilities commissions, or other proper state authorities of the states of New York, New Jersey, Massachusetts, Pennsylvania, Ohio, Indiana, or Illinois; and that the Michigan Public Utilities Commission has filed answer to said application, making such representations as it deemed just and proper for preserving and conserving the interests of the people of the state of Michigan; and

It further appearing, That the application has been duly heard and submitted and full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issues of said bonds by the New York Central Railroad Company (a) are for a lawful object within its corpo-

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rate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to issue, as of the date of September 1, 1920 (but, if registered bonds, without coupons, as of the date of issue), \$25,000,000 of bonds to be known as 10-year 7 per cent collateral-trust gold bonds, to be issued under and pursuant to, and to be secured by, a trust agreement to be entered into between the New York Central Railroad Company and the Guaranty Trust Company of New York, to be dated September 1, 1920; said bonds to bear interest at the rate of 7 per cent per annum, payable semiannually, on the 1st day of March and the 1st day of September of each year, and the principal of such bonds to be payable September 1, 1930; and said bonds to be redeemable at the option of the New York Central Railroad Company on any interest day at 105 per cent of par value, together with accrued interest, as provided in the trust agreement; there to be pledged with the Guaranty Trust Company of New York, as trustee, as security for the payment of the aforementioned bonds, principal and interest, \$25,000,000 of the refunding and improvement mortgage bonds, series B (the issue of which by the New York Central Railroad Company is hereinafter authorized), together with 75,000 shares of the first-preferred capital stock and 110,000 shares of the second-preferred capital stock of the Reading Company, a Pennsylvania corporation, said first-preferred and said second-preferred stock being of the par value of \$50 per share, with authority for making withdrawals and substitutions of pledged securities as in said trust agreement provided; said 10-year bonds to be issued as coupon and/or registered bonds in the forms for such bonds set forth in the copy of the trust agreement of September 1, 1920, filed with the application, which forms are hereby approved; said 10-year bonds to be sold at a price not less than 96.5 per cent of par, and accrued interest, and the proceeds of sale to be used as follows: \$505,000 thereof to be used to reimburse the treasury of the applicant for payment of matured prior debt, namely, first-mortgage 5 per cent bonds of the Norwood & Montreal Railroad Company which matured April 1, 1916, \$130,000; and first-mortgage 5 per cent bonds of the Rome, Watertown & Ogdensburg Terminal Railroad Company which matured May 1, 1918, \$375,000; not exceeding the sum of \$15,000,000 in payment of the one-year 6 per cent collateral-trust gold notes in the principal amount of \$15,000,000, maturing September 15, 1920, which notes were issued by the New York Cen-

be released from such pledge and canceled by the New York Central Railroad Company; (2) that the proceeds of said 10-year 7 per cent collateral-trust gold bonds shall not be used for any purposes other than those specified in said application; (3) that said refunding and improvement mortgage bonds, series B, shall not be used for any purpose other than that specified in said application, namely, as security for said 10-year 7 per cent collateral-trust gold bonds; (4) that said applicant shall furnish to this Commission periodical statements showing all pertinent facts in connection with the use of the proceeds of said 10-year 7 per cent collateral-trust gold bonds, the first statement to me made 60 days after the date of this order and subsequent statements to be made every 60 days thereafter, until all of said proceeds shall have been used; and (5) that said applicant shall make report to this Commission of the deposit and pledge of said refunding and improvement mortgage bonds, series B, within 10 days after the same shall have been deposited with the Guaranty Trust Company of New York as security as aforesaid, and that said applicant shall make report to this Commission of the release of said bonds from such pledge within 10 days after they shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said 10-year 7 per cent collateral-trust gold bonds or said refunding and improvement mortgage bonds, series B, or as to interest thereon, on the part of the United States.

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tral Railroad Company and secured by a trust agreement dated September 15, 1919, between said railroad company and the Guaranty Trust Company of New York, as trustee, the proceeds of said notes having been used to take up and pay certain two-year 5 per cent collateral-trust gold notes in the principal amount of \$15,000,000, said two-year notes having been issued in connection with reimbursement of the treasury of the applicant for expenditures for capital purposes (a list of which expenditures appears in schedule A accompanying the application), and the balance of the proceeds of said \$25,000,000 10-year 7 per cent collateral-trust gold bonds to be used to reimburse the treasury of the applicant for expenditures made for capital purposes (a list of which is given in schedule C accompanying the application), and expenditures to be made for capital purposes (a list of which is given in schedule D accompanying the application); and (2) to issue, as of the date of April 1, 1920, \$25,000,000 of refunding and improvement mortgage bonds, series B, said bonds to be issued under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, heretofore executed and delivered by the New York Central & Hudson River Railroad Company (a predecessor of the New York Central Railroad Company) to the Guaranty Trust Company of New York, which by a supplemental mortgage dated June 15, 1915, was assumed by the New York Central Railroad Company, and whereby the lien of said mortgage of October 1, 1913, was extended; said series-B bonds to be issued as coupon and/or registered bonds and to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of April and the 1st day of October in each year; the principal thereof to be payable October 1, 2013; said bonds to be redeemable, at the option of the New York Central Railroad Company, on any interest day, at 102.5 per cent of par value, together with accrued interest, in the manner provided in said mortgage; said series-B bonds to be deposited, together with other securities as hereinbefore mentioned, with the Guaranty Trust Company of New York, trustee, under the agreement of September 1, 1920, as security for the issue of \$25,000,000 of 10-year 7 per cent collateral-trust gold bonds hereinbefore authorized, said series-B bonds to be used solely as such security until otherwise ordered by this Commission.

It is further ordered, That the authorizations herein granted are conditioned upon the faithful performance of the following provisions: (1) That prior to or contemporaneously with the issue of said \$25,000,000 of refunding and improvement mortgage bonds, series B, the \$20,000,000 of refunding and improvement mortgage bonds, series A, which are now pledged with the Guaranty Trust Company of New York to secure \$15,000,000 of one-year notes, shall

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FINANCE DOCKET No. 166.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
LITTLE COTTONWOOD TRANSPORTATION COMPANY
UNDER SECTION 204 OF THE TRANSPORTATION ACT,
1920.

Submitted July 6, 1920. Decided September 18, 1920.

1. The Little Cottonwood Transportation Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Little Cottonwood Transportation Company under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$39,073.32, from which there is deductible \$6,922.70 as due from said Little Cottonwood Transportation Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

John B. Pruyn for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Little Cottonwood Transportation Company, a corporation of the state of Maine, hereinafter termed the carrier, is a steam railroad company which during the federal-control period engaged as a common carrier in general transportation, operating a railroad between Wasatch, Utah, and the silver, copper, and lead mines located in the Little Cottonwood canyon, Utah, a distance of approximately 8.5 miles, its lines connecting at Wasatch with the Denver & Rio Grande Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is therefore a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920. It commenced operations on April 1, 1918.

The carrier is subject to the provisions of section 204 from the commencement of operations on April 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract or other contract with the Director General for any portion of the federal-control period. The return of the carrier under our circular of March 4, 1920, indicated that its deficit in railway operating income for the period April 1, 1918, to February 29, 1920, inclusive, was \$39,073.53, but our examination of the accounts shows the correct amount for

that period to be \$39,073.32. The operated mileage during the federal-control period was 8.5 miles.

We find a net amount of \$39,073.32 due the carrier under said section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$6,922.70, due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. A-26 for Reimbursement of Deficit under Federal Control, Section 204, Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY :

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained from annual and special reports made to it by the Little Cottonwood Transportation Company, a carrier as defined in section 204, that the Little Cottonwood Transportation Company, during the period of federal control, taken as a whole, sustained a railway operating deficit, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 there is payable to the said Little Cottonwood Transportation Company the sum of \$39,073.32.

The Commission also hereby certifies that the amount due from the said Little Cottonwood Transportation Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness is \$6,922.70.

Dated this 18th day of September, 1920.

63 I. C. C.

FINANCE DOCKET No. 51.

IN THE MATTER OF THE APPLICATION OF THE ANN
ARBOR RAILROAD COMPANY FOR AUTHORITY TO
ISSUE NOTES IN PROCUREMENT OF LOCOMOTIVES.

Submitted September 17, 1920. Decided September 22, 1920.

Authority granted for issue of twelve 6 per cent notes aggregating \$62,280, the proceeds to be used in procurement of two switching locomotives.

Alexander L. Smith for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Ann Arbor Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to issue a series of 12 notes for \$5,190 each, aggregating \$62,280; said notes to be numbered from 1 to 12, inclusive, to be payable quarterly from September 15, 1920, to June 15, 1923, and to bear interest at 6 per cent per annum, payable semi-annually and as said notes mature, said notes to be used for the purpose of procuring two 22.5-inch by 28-inch (080-203) eight-wheel switching locomotives from the American Locomotive Works, at the price of \$38,925 each; a total of \$77,850, \$15,570 of said total to be covered by a cash payment and the balance to be covered by said 12 notes; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth; and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, the governors of the states of Michigan and Ohio, the only states in which said carrier operates, as required by said section 20a, and that no objection to the issuance by this Commission of an order granting the application has been offered by the railroad, public service or utilities commissions, or other appropriate authorities of said states; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issue of said series of notes by the Ann Arbor Railroad Company (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Ann Arbor Railroad Company be, and is hereby, authorized to issue, as of the date of June 15, 1920, 12 notes in the sum of \$5,190 each, these notes to be numbered from 1 to 12, inclusive, and the principal amounts of said notes respectively to be payable on September 15 and December 15, 1920, March 15, June 15, September 15, and December 15, 1921, March 15, June 15, September 15, and December 15, 1922, and March 15 and June 15, 1923, and to bear interest at the rate of 6 per cent per annum, payable semiannually and as the notes mature; said notes to be issued under and pursuant to an agreement dated June 15, 1920, by and between the American Locomotive Company, the applicant, and the Empire Trust Company, said Empire Trust Company being trustee under a certain improvement and extension mortgage dated May 1, 1911, made by the railroad company to the Empire Trust Company, as trustee, to secure an issue of \$10,000,000 of improvement and extension mortgage 30-year 5 per cent gold bonds; said notes to be used at not less than par in procurement of said switching locomotives in accordance with the terms of the agreement of June 15, 1920, and said notes to be in the form submitted with the application, which form is hereby approved.

It is further ordered, That the authorization herein granted is conditioned upon the faithful performance of the following provisions: (1) That said notes, or the proceeds thereof, shall not be used for any purposes other than those specified in the application; and (2) that the applicant shall make report to this Commission of the issue and use of said notes or proceeds thereof, as herein authorized, within 10 days after the same shall have been so issued and used, and that said applicant shall make report to this Commission of the payment of said notes within 10 days after the said notes are respectively paid.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 63.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE KANSAS CITY, MEXICO & ORIENT RAILROAD COMPANY FOR AUTHORITY TO ISSUE RECEIVER'S CERTIFICATES.

Submitted September 13, 1920. Decided September 23, 1920.

Authority granted to issue \$1,000,000 of receiver's certificates bearing interest at the rate of 6 per cent per annum and maturing December 1, 1920.

Clifford Histed for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to sell at par receiver's certificates for \$1,000,000 with interest at 6 per cent per annum, maturing December 1, 1920, in order to pay for coal and other supplies necessary for the continued operation of said railroad; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by the receiver duly appointed by order of court and having knowledge of the matters therein set forth, and duly designated for that purpose by the court; and

It further appearing, That notice of the filing of said application has been given to, and copies thereof filed with, the governor of each of the states in which said carrier operates, and that no objection to the issue by the Commission of an order granting the application has been made by any state authority; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had;

Held, That the proposed issue and sale of said receiver's certificates at par by the receiver of the Kansas City, Mexico & Orient Railroad Company (a) are for a lawful object within the corporate purposes of the Kansas City, Mexico & Orient Railroad Company, and compatible with the public interest, which is necessary and appro-

priate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, be, and he is hereby, authorized to issue, negotiate, and sell at par receiver's certificates in a principal amount of \$1,000,000, in pursuance of and in accordance with the order and decree of court, made and entered on September 9, 1920, in the case of *The Trustees Corporation, Limited, and Columbia Trust Company v. The Kansas City, Mexico & Orient Railroad Company et al.*, consolidated cause No. 239-N, pending in the district court of the United States for the district of Kansas, first division; said receiver's certificates to be payable December 1, 1920, and to bear interest at the rate of 6 per cent per annum, and to be in the form set forth in the aforementioned order and decree, a certified copy of which order has been filed in this proceeding, which form of certificate is hereby approved.

It is further ordered, That the proceeds of said receiver's certificates shall be used for the purchase of coal and other supplies necessary in the continued operation of said railroad and for such other purposes only, as are set forth in said application.

It is further ordered, That said applicant shall make report to this Commission of the issue, negotiation, and sale of said receiver's certificates within 10 days after the same shall have been so issued, negotiated, or sold; and that said applicant shall make report to this Commission of the redemption or payment of said certificates within 10 days after the same shall have been so redeemed or paid.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receiver's certificates, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1023.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Approved by the Commission, Division 4, September 23, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

Amended Certificate No. 20 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$896,925 by the United States to the Terminal Railroad Association of St. Louis, hereinafter referred to as the applicant, for the purposes of aiding applicant to make additions and betterments and meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$896,925.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan for maturities shall be for \$377,750, maturing five years from the date thereof, and shall be collaterally secured by the pledge of Terminal Railroad Association of St. Louis general-mortgage refunding 4 per cent sinking-fund gold bonds, dated January 1, 1903, and maturing January 1, 1953, in the par value of \$697,000. Said bonds are of the denomination of \$1,000 and are numbered as follows: 27564 to 28260, inclusive, a total of 697 bonds.

(b) The loan for additions and betterments shall be for \$519,175, maturing 15 years from the date thereof, and shall be collaterally secured by the pledge of Terminal Railroad Association of St. Louis

general-mortgage refunding 4 per cent sinking-fund gold bonds, dated January 1, 1903, and maturing January 1, 1953, in the par value of \$963,000. Said bonds are of the denomination of \$1,000, and are numbered as follows: 28261 to 28463, inclusive; 24643 to 24857, inclusive; and 28464 to 29008, inclusive, a total of 963 bonds.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) Applicant shall have the privilege of paying all or any part of the loan at any time before maturity.

(e) The collateral security for the loan shall be released proportionately as parts of the loan are paid.

(f) The applicant has agreed, in an instrument in writing, dated the 23d day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; (3) the applicant shall furnish the Commission on or about January 1, and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before November 1, 1921. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall at the option of the holder, become due and payable.

65 I. C. C.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources, with the funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 23d day of September, 1920.

65 I. C. C.

FINANCE DOCKET No. 47.

IN THE MATTER OF THE APPLICATION OF THE WABASH RAILWAY COMPANY FOR AUTHORITY TO EXCHANGE CONVERTIBLE PREFERRED STOCK.

Submitted September 10, 1920. Decided September 25, 1920.

Authority granted for the exchange of \$15,152,241.79 of 5 per cent convertible preferred stock B for \$7,576,120.89 of 5 per cent profit-sharing preferred stock A and \$7,576,120.89 of common stock at the rate of \$50 of preferred stock A and \$50 of common stock for each \$100 of preferred stock B, pursuant to the provisions of the applicant's certificate of incorporation.

Lawrence Greer for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Wabash Railway Company, a common carrier by railroad engaged in interstate commerce, has applied to this Commission under section 20a of the interstate commerce act for authority to continue to convert from time to time not exceeding \$15,152,241.79 of its 5 per cent convertible preferred stock B into not exceeding \$7,576,120.89 of its 5 per cent profit-sharing preferred stock A and not exceeding \$7,576,120.89 of its common stock, at the rate of \$50 of preferred stock A and \$50 of common stock for each \$100 of preferred stock B, pursuant to the provisions of its certificate of incorporation, and for that purpose to continue the issuance of its preferred stock A and of its common stock in the amounts specified; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth, and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, the governors of the states of Iowa, Missouri, Illinois, Indiana, Michigan, and Ohio, the only states in which the carrier operates, as required by section 20a, and that no objection has been offered by the railroad commission, or other appropriate authority of any of said states; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed conversion and exchange of said stocks by the Wabash Railway Company (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Wabash Railway Company be, and it is hereby, authorized to continue, in accordance with, and pursuant to, the terms of its certificate of incorporation of October 22, 1915, a true copy of which is on file in this proceeding, the issue of its 5 per cent profit-sharing preferred stock A, the aggregate amount to be issued under this authority not to exceed \$7,576,120.89, and of its common stock, the aggregate amount to be issued under this authority not to exceed \$7,576,120.89, and the exchange of said preferred stock A and said common stock for its 5 per cent convertible preferred stock B, now outstanding, in the aggregate amount of \$15,152,241.79, said exchange to be at the rate of \$50 of preferred stock A and \$50 of common stock for each \$100 of preferred stock B.

It is further ordered, That the applicant shall, on or before December 31, 1920, and each six months thereafter until all of said 5 per cent convertible preferred stock B shall have been exchanged for 5 per cent profit-sharing preferred stock A and common stock, as herein authorized, report to this Commission the amount of stock so exchanged, each report to be signed by an executive officer of the applicant having knowledge of the facts and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 970.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE IN PART FOR PURCHASE OF NEW EQUIPMENT.

Submitted August 24, 1920. Decided September 25, 1920.

Upon supplemental application, original finding modified and loan of \$4,440,000 approved.

M. P. Blauvelt for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Illinois Central Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 8, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, and on June 18, 1920, the applicant amended and supplemented the application.

The aforesaid amended and supplemental application was made and was accompanied by such facts as the Commission required and deemed pertinent to the inquiry, in accordance with paragraph (a) of section 210 of the transportation act, 1920, as amended.

In response to the aforesaid amended and supplemental application, the Commission, on July 9, 1920, by its certificate No. 6, to the Secretary of the Treasury, certified the making of a loan to the applicant of \$4,511,700.

The applicant on August 24, 1920, further amended the aforesaid amended and supplemental application.

In the further amended application of August 24, 1920, the applicant sets forth:

1. That the amount of the loan now desired is \$4,440,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the use to which it will be applied are to pay in part the purchase price of new train equipment.

The aforesaid amended application of August 24, 1920, was accompanied by such facts as the Commission required and deemed pertinent to the inquiry, in accordance with paragraph (a) of section 210 of the transportation act, 1920, as amended.

After investigation and reconsideration, the Commission finds that the making of a loan of \$4,440,000 by the United States to the applicant for the aforesaid purpose is necessary to enable the applicant properly to meet the transportation needs of the public.

The Commission finds, further, that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

An appropriate certificate will be issued, and certificate No. 6, of July 9, 1920, will be canceled.

Amended Certificate No. 6 for a Loan under Section 810 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission further certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$4,440,000 by the United States to the Illinois Central Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additional equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$4,440,000.

4. That the time for the making thereof within which the loan shall be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan should be repayable in 15 equal annual installments of \$296,000 each, maturing consecutively in 1 to 15 years from the date thereof, and shall be secured by the pledge of \$5,414,000, principal amount, of applicant's refunding mortgage 4 per cent gold bonds of 1955 in the following amounts and denominations:

65 I. C. C.

54 bonds, numbered 109 to 182, inclusive, in denomination of \$100,000 each	\$5, 400, 000
1 bond, numbered 183	10, 000
4 bonds, numbered 199 to 202, inclusive, in denomination of \$1,000 each	4, 000
Total	5, 414, 000

(b) The applicant may pay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are paid.

(c) That the applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 29th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 8th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 985.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR A LOAN TO PRO-
VIDE EQUIPMENT AND OTHER ADDITIONS AND BET-
TERMENTS.

Submitted September 1, 1920. Decided September 25, 1920.

Application granted in part and a loan of \$653,000 approved.

Morris McDonald for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Maine Central Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, and on June 26, 1920, and August 9, 1920, said applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,530,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to acquire new equipment and to make additions and betterments, as follows:

Purchase of equipment at an estimated cost of.....	\$730, 280
Additions and betterment—	
To existing equipment.....	265, 900
To way and structures.....	570, 965
Total.....	1, 567, 145

4. Its present and prospective ability to repay the loan and meet the requirements of its obligations in that regard.

5. That the security offered is \$1,800,000 par value, of the applicant's first and refunding mortgage 6 per cent gold bonds, series D, maturing December 1, 1935.

6. That the extent to which the public convenience and necessity will be served by the loan is as follows: The applicant is a carrier serving established industries and engaged in a diversified traffic

of importance to the public; the acquisition of the equipment asked for and the improvements to its existing equipment and way and structures will enable it to efficiently handle an increasing density of traffic.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$866,262, apportioned as follows:

New equipment:

Purchase of freight-train cars..... \$58, 080

Purchase of freight and switching locomotives..... 209, 200

Additions and betterments:

To existing equipment..... 65, 900

To way and structures..... 583, 182

Total..... 866, 262

The applicant on August 9, 1920, amended its application, increasing the item for additions and betterments to existing equipment by the addition of an item of 110 rack cars to be rebuilt at a cost of \$220,000.

In the same amendment the applicant decreased the item for additions and betterments to way and structures by reducing the item of rebuilding Portland Terminal Company shops from \$92,000 to \$12,000. These items are not included in the recommendation made by the Association of Railway Executives.

After investigation, the Commission approves the making of a loan for the following purposes and in approximately the following amounts:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
<i>Equipment.</i>			
10 locomotives.....	\$418, 400	\$209, 200	\$209, 200
6 caboose cars.....	25, 000	12, 750	6, 250
1 steam shovel.....	26, 800	13, 400	13, 400
1 spreader.....	12, 800	6, 400	6, 400
1 locomotive crane.....	17, 280	8, 640	8, 640
4 snow plows.....	34, 800	17, 400	17, 250
Total.....	534, 780	273, 640	261, 140
<i>Additions and betterments to existing equipment.</i>			
Superheaters for seven locomotives.....	17, 980	8, 990	8, 980
Rebuilding three locomotives.....	48, 000	24, 000	24, 000
Rebuilding 110 rack cars.....	220, 000	110, 000	110, 000
Total.....	285, 980	142, 990	142, 980

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
<i>Additions and betterments to way and structures.</i>			
Ditching and underdraining Brunswick & Waterville lower road, Readfield & Waterville upper road, Canton branch, and Portland terminal.....	\$22,400	\$11,200	\$11,200
Increased weight of rail and improved track material.....	95,134	47,567	47,567
Ballast, 37 miles of main-line track.....	39,700	19,850	19,850
Shop building; remodeling machine shop at Waterville and sundry points.....	51,398	25,698	25,697
Shop buildings; rebuilding Portland Terminal Company shops.....	12,000	6,000	6,000
Additional sidetracks.....	10,300	5,150	5,150
Water stations, Leeds Junction and Portland Terminal Company.....	12,400	6,200	6,200
Bridges, culverts, and turntables, new masonry, and heavier bridge, Freeman's creek, near Gardiner, main line.....	25,800	12,900	12,900
New masonry and heavier turntable at Bingham, replacing the one worn out.....	19,300	9,650	9,650
New masonry and heavier turntable at Rockland, replacing one worn out.....	25,340	12,670	12,670
Renewal of draw span at Georges River, Rockland branch.....	17,550	8,775	8,775
Nichols River, replacement of pile trestle with masonry and steel.....	65,280	32,640	32,640
Renewal of draw span of Mill creek bridge, Rockland branch.....	14,495	7,248	7,247
Renewal of small culverts on Rockland branch.....	8,800	4,400	4,400
Shop machinery; new tools to replace old and obsolete ones to increase efficiency of shop in handling heavier power.....	78,340	39,170	39,170
Total.....	498,232	249,116	249,116
Total equipment.....	534,780	273,640	261,140
Total additions and betterments to existing equipment.....	285,900	142,950	142,950
Total additions and betterments to way and structures.....	498,232	249,116	249,116
Grand total.....	1,316,912	665,706	663,206

We find that a loan of \$653,000 by the United States is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 29 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$653,000 by the United States to the Maine Central Railroad Company, hereinafter referred to as the applicant, for the purpose of providing it with equipment, additions and betterments to existing equipment, and additions and betterments to way and structures to promote the movement of cars, is necessary to enable the applicant properly to meet the transportation needs of the public.

65 I. C. C.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$653,000.

4. That the time from the making thereof, within which the loan shall be repaid, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan shall mature 15 years from the date thereof, and shall be collaterally secured by the pledge of the applicant's first and refunding mortgage 6 per cent gold bonds, series D, maturing December 1, 1935, in the sum of \$817,000. The bonds are of the denomination of \$1,000, and are numbered 16001 to 16817, inclusive—817 bonds. They were issued under the first and refunding mortgage, securing 20-year gold bonds of the Maine Central Railroad Company to the Union Safe Deposit & Trust Company, of Portland, Me., trustee, dated December 1, 1913.

(b) Applicant may repay any part or all of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are paid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing dated the 30th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith. (2) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads in effect at the time the expenditures may be made. (3) The applicant shall

furnish the Commission on or about January 1 and July 1, 1920, the detailed certificates, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 9th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 1034.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIAN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND ADDITIONS AND BETTERMENTS.

Submitted September 23, 1920. Decided September 25, 1920.

Application granted and a loan of \$2,000,000 approved.

C. W. Huntington for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Virginian Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 21, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended.

In said application the applicant sets forth:

1. That the amount of the loan desired is \$2,000,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment and additions and betterments to existing equipment and way and structures, as follows:

Equipment:

10 Mallet locomotives.....	\$744, 721
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Additions and betterments:

Widening cuts and fills, etc.....	46, 633
Ballasting.....	200, 000
Rails and other track material.....	334, 805
Bridges, trestles, and culverts.....	61, 772
Grade crossings and crossing signals.....	297
Additional main track.....	888, 596
Additional yard tracks, sidings and industry tracks.....	399, 338
Signals and interlocking plants.....	87, 686
Telegraph and telephone lines.....	28, 724
Section houses and other railway buildings.....	24, 326
Fences, snowsheds, etc.....	18, 000
Freight and passenger stations.....	59, 359
Fuel stations and appurtenances.....	17, 950

65 I. C. C.

Additions and betterments—Continued.

Water stations and appurtenances.....	\$84, 351
Shop buildings, enginehouses, etc.....	239, 508
Shop machinery and tools.....	153, 200
Electric power plant, substations, and transmission and distribution lines.....	42, 431
Wharves and docks.....	6, 800
Work equipment.....	34, 845
Improvements to existing equipment.....	95, 117
Construction of extension and branches.....	103, 684
Total capital expenditures.....	2, 923, 372
Charges to operation.....	700, 020
Total cost of work, including charges to operation.....	3, 623, 392
Grand total, excluding charges to operation.....	3, 668, 093

4. The present and prospective ability of the applicant to repay the loan and to meet the obligations in regard thereto.

5. That the security offered is the applicant's first and only mortgage gold bonds, to be pledged in amounts necessary to secure the loan.

6. That with its present equipment the applicant is unable to meet the demands on it for freight transportation; that applicant is a large and almost exclusive carrier of bituminous coal, the mines on its line having a present capacity of over 14,000,000 tons per annum; and that the public convenience and necessity will be served by the supplying of the aforesaid additions and betterments to aid applicant in extending its facilities to increase the movement of coal and other traffic now offered it in excess of its ability to transport. The completion of double-tracking of its ruling grade over Clark's Gap Mountain is a notable item.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$2,000,000 for completion of double track on ruling grade.

The following items have been eliminated from the application as not tending directly to promote the movement of freight-train cars:

Class 1, item D, sloping Devil's cut.....	\$16, 000
Class 3, item D, street crossing, Roanoke, Va.....	2, 100
Class 4, item C, Victoria, Va., overhead highway bridge.....	970

Class 8, Narrows, Va., new county road crossing.....	\$297
Class 15, section houses and other roadway buildings.....	24, 326
Class 17, freight and passenger stations.....	59, 359
Class 43, application of electric classification lamps to locomotives.....	3, 268
Class 43, steam heat for baggage cars.....	587

Total..... 108, 907

After investigation, the Commission finds that the making of the proposed loan of \$2,000,000 for the following purposes—

Purposes.	Estimated cost.	Financed by applicant.	Loan by United States.
New equipment: 10 Mallet locomotives.....	\$744, 721	.....	.....
Additions and betterments to promote the movement of freight-train cars.....	2, 826, 466	.....	.....
Total.....	3, 571, 186	\$1, 571, 186	\$2, 000, 000

by the United States is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 31 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$2,000,000 by the United States to the Virginian Railway Company, hereinafter referred to as the applicant, for the purpose of aiding applicant to acquire freight locomotives and to make additions and betterments to roadway and structures to promote the movement of freight-train cars, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$2,000,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in two installments of \$1,000,000 each. The first installment shall mature five years from the making thereof, and shall be collaterally secured by the pledge of \$1,500,000 of applicant's first-mortgage 5 per cent 50-year series-A gold bonds, due 1962, issued under an indenture dated May 1, 1912, executed by the applicant to the Farmers' Loan & Trust Company, New York, trustee. The bonds are of the denomination of \$1,000, and are numbered M-31670 to M-33169, inclusive, having coupons due November 1, 1920, and subsequent coupons attached. The second installment shall mature five years from the making thereof, and shall be collaterally secured by the pledge of \$1,500,000 of applicant's first-mortgage 5 per cent 50-year series-A gold bonds, due 1962, issued under an indenture dated May 1, 1912, executed by the applicant to the Farmers' Loan & Trust Company, New York, trustee. The bonds are of the denomination of \$1,000 each, and are numbered M-33170 to M-34669, inclusive, having coupons due November 1, 1920, and subsequent coupons attached.

(b) The applicant may pay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are paid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 30th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discounts, attorney's fees, and any and all other expenses in connection therewith. (2) The expenditures made from the loan for additions and betterments shall be confined to such ex-

penditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made. (3) The applicant shall furnish the Commission on January 1 and July 1, 1921, detailed certificates, under oath of its chief engineer, of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done at Washington, D. C., this 8th day of October, 1920.

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FINANCE DOCKET No. 48.

IN THE MATTER OF THE APPLICATION OF THE
BOSTON & MAINE RAILROAD FOR AUTHORITY TO
ISSUE MORTGAGE BONDS.

Submitted September 23, 1920. Decided September 28, 1920.

Authority granted for the issue of \$3,843,000 of 6 per cent bonds under a certain mortgage dated December 1, 1919, for the purpose of refunding certain bonds and notes.

Woodward Hudson for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

It appearing, That the Boston & Maine Railroad, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority to issue \$3,843,000 of bonds under a certain mortgage, said bonds, or the proceeds thereof, to be used to purchase, pay, retire, or refund an equal amount of bonds and notes, being the remainder of bonds and notes in the aggregate principal amount of \$8,843,000, specified below, after applying to the refunding of the same the amount of \$5,000,000 loaned to the applicant by the United States, under section 210 of the transportation act, 1920, as amended, pursuant to certificate No. 1 of the Commission dated May 21, 1920:

4 per cent mortgage bonds of the Concord & Montreal Railroad maturing June 1, 1920-----	\$5,500,000
4 per cent bonds of the Concord & Montreal Railroad maturing June 1, 1920-----	640,000
3½ per cent bonds of the Concord & Montreal Railroad maturing June 1, 1920-----	873,000
5 per cent bonds of the Concord & Montreal Railroad maturing June 1, 1920-----	200,000
4 per cent bonds of the Fitchburg Railroad Company maturing June 1, 1920-----	500,000
6 per cent and 6½ per cent notes of the Boston & Lowell Railroad Corporation maturing July 1, 1920-----	620,000
3½ per cent bonds of the Fitchburg Railroad Company maturing October 1, 1920-----	500,000
Total -----	8,843,000

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by
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one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, the governor of each of the states of Massachusetts, New Hampshire, Maine, New York, and Vermont, the only states in which said carrier operates, and that no objection to the issuance by this Commission of an order granting the application has been offered by the railroad commission or other appropriate authority of any of said states; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issue by the Boston & Maine Railroad (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Boston & Maine Railroad be, and it hereby is, authorized to issue, as of the date of June 1, 1920, \$3,843,000 of bonds to be designated as series F; said bonds to be issued under and pursuant to, and secured by, the mortgage dated December 1, 1919, made by said Boston & Maine Railroad to the Old Colony Trust Company and S. Parkman Shaw; said bonds to be redeemable and to be registrable as provided in the mortgage, and to be in the forms submitted with the application, to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of June and the 1st day of December of each year; and the principal thereof to be payable June 1, 1930; such bonds to be sold and disposed of at par, and said bonds, or the proceeds thereof, to be used solely for the purpose of purchasing, paying, retiring, or refunding \$3,843,000 of the hereinbefore-described bonds, maturing on June 1, July 1, and October 1, 1930.

It is further ordered, That said applicant shall furnish to this Commission periodical statements showing all pertinent facts in connection with the issue of said \$3,843,000 of series-F bonds, and the use of these bonds, or the proceeds thereof, for the purposes herein authorized, the first statement to be made 60 days after the date of this order, and subsequent statements to be made every 60 days thereafter until all of said bonds shall have been issued and used, or the proceeds thereof used.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said series-F bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 57.

IN THE MATTER OF THE APPLICATION OF THE RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD COMPANY FOR AUTHORITY TO INDORSE AND NEGOTIATE NOTES OF THE RICHMOND TERMINAL RAILWAY COMPANY.

Submitted September 18, 1920. Decided September 28, 1920.

Authority granted to indorse and negotiate on a 6 per cent basis \$250,000 of 6 per cent demand notes of the Richmond Terminal Railway Company.

Eppa Hunton, jr., for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Richmond, Fredericksburg & Potomac Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act to indorse and negotiate on a 6 per cent basis not to exceed \$250,000 of the 6 per cent demand notes of the Richmond Terminal Railway Company, owned by the applicant company and held in its treasury, the proceeds to be used for payment in part of back pay due employees under the award of the Railroad Labor Board, the total of which payments it is estimated will amount to \$330,000; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of the applicant by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the applicant; and

It further appearing, That notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates, and that no objection to the issue by this Commission of an order granting the application has been offered by the State Corporation Commission or other authority of said state; and

It further appearing, That full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed indorsement and negotiation of the 6 per cent demand notes of the Richmond Terminal Railway Company

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by the applicant (a) are for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

Held further, That the obligation to be created by the proposed indorsement and negotiation of said demand notes, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the Richmond, Fredericksburg & Potomac Railroad Company outstanding at the date of said application.

It is therefore ordered, That the Richmond, Fredericksburg & Potomac Railroad Company be, and it is hereby, authorized to indorse demand notes of the Richmond Terminal Railway Company in an aggregate principal amount not to exceed \$250,000, and to negotiate the notes so indorsed on a basis of interest at the rate of 6 per cent per annum, the proceeds arising therefrom to be used solely for the purpose of paying in part the obligations of the applicant to its employees, as set forth in said application.

It is further ordered, That the applicant shall make a report to the Commission of the indorsing and negotiating of said demand notes within 10 days after the same shall have been so indorsed and negotiated; and that said applicant shall thereafter make reports to this Commission, at the end of each 60 days, of the redemption or taking up of such notes until such time as all of said notes shall have been redeemed or taken up.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to the payment of the principal or interest of any of said demand notes of the Richmond Terminal Railway Company so indorsed and negotiated.

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FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE WHEELING & LAKE ERIE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND FOR OTHER PURPOSES.

Submitted September 27, 1920. Decided September 29, 1920.

Application granted in part and loans of \$1,460,000 for additions and betterments and \$1,000,000 for maturities approved.

W. M. Duncan, Andrew P. Martin, and Squire, Sanders & Dempsey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wheeling & Lake Erie Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, and on August 17 and September 15, 1920, said applicant amended and supplemented its application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the act.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$12,912,340.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan is as follows:

For new freight-train equipment.....	\$9, 000, 000
For additions and betterments to roadway and structures.....	1, 461, 540
For maturities, 1920 (\$1,841,000).....	2, 450, 800
For maturities, 1921 (\$1,109,800).....	
Total.....	12, 912, 340

4. That the uses to which the loan will be applied are—

Purchase of freight-train equipment:

2,000 fifty-ton steel gondola cars, 1,000 forty-ton steel-under-frame box cars, at average estimated cost of \$3,000 each or total estimated cost of..... \$9, 000, 000

Additions and betterments to expedite movement of freight-train cars:

Additional yard, tracks and engine terminal at Canton, Ohio.....	\$573, 330
Yard and engine terminal at Jewett, Ohio.....	436, 300
Car-repair shop, yard, transfer table, etc., at Brewster, Ohio.....	401, 860

Total additions and betterments.....	1, 461, 540
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Meeting maturities:

Equipment maturities due 1920 (\$241,000).....	1, 350, 800
Equipment maturities due 1921 (\$1,109,800).....	
Bank loans due in December, 1920.....	1, 100, 000

Total maturities.....	2, 450, 800
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5. That its present and prospective ability to repay the loan and meet the requirements of its obligations in that respect are that the increase in earnings and the decrease in operating charges, including saving in per diem, will be sufficient to more than meet the interest and the amortization of the cost of the equipment, over a 15-year period, as well as to repay in that period the amounts applied for on account of additions and betterments and maturities.

6. That the security offered is applicant's refunding-mortgage 5 and 6 per cent bonds, due September 1, 1966.

7. That the extent to which the public convenience and necessity will be served by the loan is indicated by statements of applicant that the loan will enable it to provide necessary additions and betterments to roadway and structures to expedite the movement of cars and trains; to purchase 2,000 steel gondola cars and 1,000 new steel-underframe box cars, required to meet the demands of shippers; also to meet obligations now outstanding which mature during the years 1920 and 1921 that applicant is unable to finance through any other source.

Said application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan to the applicant of \$1,461,540 to enable it to make additions and betterments to way and structures, consisting of additional freight yards, engine terminals, and repair shops.

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Upon the request of A. P. Martin, assistant general attorney of the applicant, dated September 17, 1920, the applications for amounts to be expended for new equipment and for additions and betterments to roadway and structures will be considered separately.

After investigation, the Commission finds that the making of loans by the United States to the applicant of \$1,460,000 for additions and betterments and \$1,000,000 for maturities, covering approximately the following schedules, are necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loans within the time fixed therefor, and to meet its other obligations in connection with such loans, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for said purposes.

For additions and betterments:

Additional yard, tracks, and engine terminal at Canton, Ohio_____	\$578, 380
Yards and engine terminal at Jewett, Ohio_____	486, 300
Car-repair shop, yard, transfer table, etc., at Brewster, Ohio_____	401, 860
Total_____	1, 461, 540

For maturities:

Citizens Savings & Trust Company, maturing Dec. 30, 1920_____	800, 000
Guardian Savings & Trust Company, maturing Dec. 24, 1920_____	1, 300, 000
Union Commerce National Bank, maturing Dec. 24, 1920_____	100, 000
Total maturities_____	2, 200, 000

To be financed by applicant_____ 1, 200, 000

Loan by United States_____ 1, 000, 000

Appropriate certificates will be issued.

Certificate No. 24 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,460,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, for the purpose of enabling it to make additions and betterments to roadway and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,460,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in installments as follows:

First installment	-----	\$400,000
Second installment	-----	400,000
Third installment	-----	400,000
Fourth installment	-----	260,000
Total	-----	1,460,000

(b) The entire loan shall be collaterally secured as follows:

(1) Upon the making of the first installment, \$400,000, by the pledge of applicant's refunding-mortgage 5 per cent bonds, series B, of the par value of \$800,000; (2) upon the making of the second installment, \$400,000, by the further pledge of applicant's refunding-mortgage 5 per cent bonds, series B, of the par value of \$400,000; and by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, of the par value of \$400,000; (3) upon the making of the third installment, \$400,000, by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, of the par value of \$400,000; (4) upon the making of the fourth installment, \$260,000, by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, of the par value of \$400,000, and also by the deposit of a surety bond in the sum of \$260,000 (said surety bond to be approved by the Commission) guaranteeing the subsequent pledge as further security of applicant's refunding-mortgage 6 per cent bonds, series C, of the par value of \$260,000; and (5) the collateral security pledged in respect of each installment of the loan shall be applicable to secure the repayment of the entire loan.

(c) The entire loan, \$1,460,000, shall be repaid in 10 annual installments of \$146,000 each, on the first to tenth anniversaries, inclusive, of the date of the making of the first installment of the loan.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury, such additional security as may be from time to time required. The securities pledged, to-

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gether with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, or for indebtedness to the United States Railroad Administration for additions and betterments and for balances on open account, shall be applicable in like manner to secure the payment of any and all such loans and indebtedness.

(f) The applicant has agreed in an instrument in writing, dated the 25th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission, on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before November 1, 1921. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 29th day of September, 1920.

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Certificate No. 25 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, for the purpose of enabling it to meet in part its maturing indebtedness, consisting of short-term obligations maturing in the month of December, 1920, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time for the making thereof, within which the loan is to be repaid in full, is five years.

3. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be for \$1,000,000 and shall be collaterally secured by the pledge of Wheeling & Lake Erie Railway Company refunding-mortgage 5 per cent bonds in the par value of \$1,800,000, due September 1, 1966.

(b) The loan shall be repaid five years from the date thereof. The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, or for indebtedness to the United States Railroad Administration for additions and betterments and/or balances on open account, shall be applicable in like manner to secure the payment of any and all such loans and indebtedness.

(d) The applicant has agreed, in an instrument in writing dated the 25th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to

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be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 29th day of September, 1920.

65 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS AND IN MEETING MATURING INDEBTEDNESS.

Submitted September 24, 1920. Decided September 29, 1920.

Application granted in part and loan of \$2,000,000 approved.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Rock Island & Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, and on June 19, 1920, the applicant amended and supplemented its application pursuant to the Commission's announcement of June 7, 1920, of the general principles by which it would be governed in administering the fund created by said section of the said act.

In the application, as amended and supplemented, the carrier sets forth:

1. That the amount of the loan desired is \$18,955,978.
2. That the term for which the loan is desired is five years.
3. That the purpose of the loan is to assist the applicant in providing itself with equipment, additions and betterments, and meeting maturities, as follows:

Equipment:	Items.	Total.
Locomotives.....	\$2, 638, 750	\$5, 816, 000
Freight-train cars	1, 529, 000	
Passenger-train cars.....	1, 148, 250	
Additions and betterments:		
To way and structures.....	6, 800, 000	8, 800, 000
To equipment	1, 500, 000	
Maturities		7, 997, 978
Grand total.....		21, 613, 798
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4. That the uses to which the loan will be applied are as hereinbefore stated.

5. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

6. That the security offered is:

Chicago, Rock Island & Pacific Railway Company first and refunding mortgage gold bonds (\$1,000,000 in process of issue)...	\$7,744,000
Arkansas & Memphis Railway Bridge & Terminal Company bonds...	925,000
Rock Island Improvement Company:	
Blue Island shop bonds.....	199,000
Cedar Rapids Terminal gold bonds.....	889,733
Little Rock mortgage gold bonds.....	278,492
Peoria Terminal gold bonds.....	290,248
Rock Island-Memphis Terminal Railway Company Depot & Terminal first-mortgage bonds	1,300,000
Rock Island-Omaha Terminal Railway Company first-mortgage gold bonds	600,000
Rock Island-Arkansas & Louisiana Railroad Company first-mortgage bonds	15,000
St. Paul & Kansas City Short Line Railroad Company first-mortgage bonds	7,000
United States Government second liberty loan bonds, converted...	100,000
Total	11,828,478

7. That the extent to which the public convenience and necessity will be served by the loan is that the movement of traffic will be expedited and congestion and delays relieved.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The applicant, by its general counsel, M. L. Bell, September 10, 1920, orally requested deferred consideration of that portion of its application in respect of additions and betterments. The Commission is of the opinion that consideration of the making of the loan for additions and betterments should be deferred, and so finds.

The request for a loan in respect of equipment will be given deferred consideration.

After investigation, the Commission finds that the making of a loan of \$2,000,000 for the purpose of aiding the applicant in meeting its maturing indebtedness in the manner hereinbelow set forth—

Maturities.	Amount.	Financed by applicant.	Loan by United States.
Corn Exchange National Bank loan, due July 9, 1920.....	\$500,000.00	\$500,000.00	-----
Illinois Trust & Savings Bank loan, due July 9, 1920.....	500,000.00	500,000.00	-----
Central Trust Company of Illinois loan, due July 9, 1920.....	500,000.00	500,000.00	-----
One-year 6 per cent collateral-trust gold bonds, maturing October 1, 1920.....	5,500,000.00	3,500,000.00	\$2,000,000.00
Equipment gold bonds, series E, due July 1, 1920.....	5,000.00	5,000.00	-----
Equipment gold notes, series G, due July 1, 1920.....	170,000.00	170,000.00	-----
Equipment gold notes, series H, due July 1, 1920.....	441,000.00	441,000.00	-----
Equipment gold notes, series F, due August 1, 1920.....	12,000.00	12,000.00	-----
Equipment gold notes, series I, Pullman Company, due September 1, 1920.....	90,831.00	90,831.00	-----
Equipment gold notes, series 2, Haskell & Barker Car Co., due September 1, 1920.....	18,142.40	18,142.40	-----
Equipment gold notes, series 3, Bettendorf Co., due September 1, 1920.....	36,000.00	36,000.00	-----
Equipment gold bonds, series D, due November 1, 1920.....	225,000.00	225,000.00	-----
Total.....	7,997,973.40	5,997,973.40	2,000,000.00

is necessary in order to enable the applicant properly to meet the transportation needs of the public.

The Commission further finds that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and afford reasonable protection to the United States, and that the applicant is unable to provide itself with the funds necessary for the above-mentioned purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 23 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$2,000,000 by the United States to the Chicago, Rock Island & Pacific Railway Company hereinafter referred to as the applicant, for the purpose of aiding the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$2,000,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

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5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan in the amount of \$2,000,000 shall mature five years from the date of the making thereof, and shall be collaterally secured by \$3,636,000, par value, of the applicant's first and refunding 4 per cent gold bonds, maturing April 1, 1934.

(b) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligations of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, or for indebtedness to the United States Railroad Administration for additions and betterments and for the balances on open account shall be applicable in like manner to secure the repayment of any and all such loans and indebtedness.

(c) The applicant has agreed in an instrument in writing, dated the 24th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith.

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 29th day of September, 1920.

65 I. C. C.

Amended Certificate No. 23 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission further certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$2,000,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant to meet its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$2,000,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan in the amount of \$2,000,000 shall mature five years from the date of the making thereof and shall be collaterally secured by \$3,636,000, par value, of the applicant's first and refunding 4 per cent gold bonds, maturing April 1, 1934.

(b) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligations of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(c) The applicant has agreed in an instrument in writing, dated the 24th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7½ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and

conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 30th day of September, 1920.

65 I. C. C.

FINANCE DOCKET No. 50.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR AUTHORITY TO ISSUE COLLATERAL-TRUST BONDS AND COLLATERAL-TRUST NOTES, AND TO PLEDGE MORTGAGE BONDS AS SECURITY THEREFOR AND FOR A LOAN FROM THE UNITED STATES.

Submitted September 20, 1920. Decided September 30, 1920.

Authority granted:

1. To issue \$7,000,000 of 15-year 7½ per cent collateral-trust sinking-fund gold bonds under a certain collateral-trust agreement, and to pledge \$9,800,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, as security for said collateral-trust bonds.
2. To issue \$1,000,000 of 15-year 6 per cent collateral-trust gold notes under a certain collateral-trust agreement and to pledge \$1,250,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, as security for said notes.
3. To pledge \$10,500,000 of said first and refunding mortgage 5 per cent gold bonds, series A, with the Secretary of the Treasury as security for a loan of \$8,000,000 from the United States under section 210 of the transportation act, 1920, as amended.

C. G. Austin, jr., for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

It appearing, That the Chicago & Western Indiana Railroad Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority (1) to issue 15-year 7½ per cent collateral-trust sinking-fund gold bonds in a principal amount not to exceed \$7,500,000, under a proposed collateral-trust agreement to be dated September 1, 1920, between applicant and the Bankers Trust Company, New York, N. Y., and to make pledge thereunder of \$10,500,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, heretofore nominally issued and pledged with the Bankers Trust Company, trustee, as part security for \$15,000,000 of one-year 6 per cent collateral-trust gold notes, extended to become due and payable on September 1, 1920; (2) to

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issue 15-year 6 per cent collateral-trust gold notes in the principal amount of \$1,000,000, under a proposed collateral-trust agreement to be dated September 1, 1920, between applicant and the Central Trust Company of Illinois, and to pledge thereunder \$1,250,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, which have been heretofore nominally issued and pledged with the Central Trust Company of Illinois, trustee, as security for \$1,000,000 of one-year 5 per cent collateral-trust gold notes, extended to become due and payable on September 1, 1920; and (3) to pledge \$10,500,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, with the Secretary of the Treasury, as security for a loan of \$8,000,000 from the United States to the applicant, pursuant to certificate No. 18 of this Commission, issued in accordance with section 210 of the transportation act, 1920, as amended, said \$10,500,000 of said series-A bonds having been heretofore nominally issued and pledged with the Bankers Trust Company, as part security for the \$15,000,000 of one-year 6 per cent collateral-trust gold notes extended; and

It further appearing, That said application was made in such form and contained such matters, as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, the governor of the state of Illinois, the only state in which said carrier operates, and that no objection to the issuance by this Commission of an order granting the application has been offered by the state public utilities commission or other appropriate authority of said state; and

It further appearing, That the application has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issues by the Chicago & Western Indiana Railroad Company of said 15-year 7½ per cent collateral-trust sinking-fund gold bonds in an aggregate principal amount of \$7,000,000, with the pledge of \$9,800,000 of series-A bonds as security therefor; and of said 15-year 6 per cent collateral-trust gold notes in an aggregate principal amount of \$1,000,000, with the pledge of \$1,250,000 of series-A bonds as security therefor; and the proposed pledge by the Chicago & Western Indiana Railroad Company of \$10,500,000 of said series-A bonds as security for a loan of \$8,000,000 from the United States to the applicant (a) are for lawful objects within its corporate purposes, and compatible with the public interest; which

are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Chicago & Western Indiana Railroad Company be, and it is hereby, authorized (1) to issue as of September 1, 1920, \$7,000,000 of bonds to be known as 15-year 7½ per cent collateral-trust sinking-fund gold bonds, to be issued under and pursuant to, and to be secured by, said trust agreement to be entered into between the Chicago & Western Indiana Railroad Company and the Bankers Trust Company; the bonds to bear interest at the rate of 7½ per cent per annum, payable semiannually on the 1st day of March and the 1st day of September of each year, and the principal thereof to be payable September 1, 1935; to be redeemable at the option of the Chicago & Western Indiana Railroad Company on any interest day before maturity at 102.5 per cent of par value, in accordance with the terms of the trust agreement; said bonds to be in the form submitted with the application; and (2) to pledge \$9,800,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, with the Bankers Trust Company under the proposed collateral-trust agreement with that company, as security for the payment of the principal and interest of the collateral-trust sinking-fund bonds; said collateral-trust sinking-fund bonds, or the proceeds thereof, to be used solely for the purpose of paying or retiring applicant's one-year 6 per cent collateral-trust gold notes, in a principal amount of \$7,000,000 heretofore extended to become due and payable September 1, 1920.

It is further ordered, That the Chicago & Western Indiana Railroad Company be, and it is hereby, authorized (1) to issue, as of September 1, 1920, \$1,000,000 of notes to be known as 15-year 3 per cent collateral-trust gold notes, to be issued under and pursuant to, and to be secured by, the trust agreement to be entered into between the Chicago & Western Indiana Railroad Company and the Central Trust Company of Illinois, these notes to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of March and the 1st day of September of each year, and the principal thereof to be payable September 1, 1935; said notes to be redeemable at the option of the Chicago & Western Indiana Railroad Company at any time before maturity by payment of the principal thereof, together with unpaid interest then accrued, as provided in the trust agreement; said notes to be in the form submitted with the application; and (2) to pledge \$1,250,000 of applicant's first and refunding mortgage 5 per cent gold bonds, series A, with the Central Trust Company of Illinois under the proposed collateral-trust agreement with

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that company, as security for the payment of the principal and interest of the collateral-trust gold notes; said collateral-trust gold notes, or the proceeds thereof, to be used solely for the purpose of paying or retiring \$1,000,000 of applicant's one-year 5 per cent collateral-trust gold notes heretofore extended to become due and payable September 1, 1920.

It is further ordered, That the Chicago & Western Indiana Railroad Company be, and it is hereby, authorized to pledge \$10,500,000 of its first and refunding mortgage 5 per cent gold bonds, series A, with the Secretary of the Treasury, as security for a loan of \$8,000,000 from the United States to the applicant, pursuant to certificate No. 18 of this Commission, issued in accordance with section 210 of the transportation act, 1920, as amended.

It is further ordered, That said 15-year 7½ per cent collateral-trust sinking-fund gold bonds, and said 15-year 6 per cent collateral-trust gold notes, herein authorized to be issued, shall not be sold, disposed of, pledged or repledged, or otherwise used for any purpose or in any manner other than as authorized in this order.

It is further ordered, That the applicant shall furnish to this Commission periodical statements, properly verified, showing all pertinent facts in connection with the use of said 15-year 7½ per cent collateral-trust sinking-fund gold bonds, or the proceeds thereof, and of said 15-year 6 per cent collateral-trust gold notes, or the proceeds thereof; the first statement to be made 60 days after the date of this order and subsequent statements to be made every 60 days thereafter until all of said bonds and notes, and the proceeds thereof, shall have been used as herein authorized.

It is further ordered, That the Chicago & Western Indiana Railroad Company shall make report to this Commission of the deposits and pledges of said first and refunding mortgage 5 per cent gold bonds, series A, with the Bankers Trust Company, the Central Trust Company of Illinois, and the Secretary of the Treasury, as herein authorized, within 10 days after the same shall have been so deposited and pledged; and that said applicant shall make report to this Commission of the release of said bonds from such pledges within 10 days after the same shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said 15-year 7½ per cent collateral-trust sinking-fund gold bonds, or interest thereon, or as to said 15-year 6 per cent collateral-trust gold notes, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 925.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted September 14, 1920. Decided October 1, 1920.

Application granted in part and a loan of \$3,000,000 approved.

George M. Shriver for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to provide itself with equipment and other additions and betterments. The application was amended on July 13, 1920, and was further amended September 9 and September 18, 1920.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$3,200,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with new freight-train equipment and additions and betterments to way and structures, to promote the movement of freight-train cars.

Equipment to be acquired through the National Railway Service Corporation:

1,000 box cars (80,000 pounds' capacity), at \$2,629-----	\$2,629,000
1,200 hopper cars (100,000 pounds' capacity), at \$1,919-----	2,302,800
1,000 hopper cars (140,000 pounds' capacity), at \$2,800-----	2,800,000
500 refrigerator cars (80,000 pounds' capacity), at \$4,095-----	2,047,500
50 milkado locomotives, estimated to cost \$84,000-----	4,200,000
Total equipment-----	13,979,300

Of this cost the applicant is prepared to contribute at once in cash and material, approximately \$979,300, and will finance through the National Railway Service Corporation \$7,800,000, leaving the amount desired as a loan from the United States, \$5,200,000.

Additions and betterments:

Additional main track-----	\$241, 504
Additional yard tracks and sidings-----	421, 807
Signals and interlocking and telephone train dispatching-----	805, 696
Shops, machinery, etc-----	321, 836
Bridges, trestles, and culverts-----	4, 075, 463
Increased weight of rail, etc-----	670, 340
Total additions and betterments-----	6, 036, 746

Of this cost the applicant is to finance \$3,036,746, and the amount desired as a loan from the United States is \$3,000,000.

The total amount to be taken care of by applicant is \$11,816,046, and the total amount desired as a loan from the United States is \$8,200,000.

4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.

5. That the character of the security offered in respect of equipment is the direct obligation of the National Railway Service Corporation and a second lien on the equipment and in respect of additions and betterments is \$5,000,000, par value, of applicant's refunding and general mortgage series-A 5 per cent bonds, due 1995, and in addition thereto \$100,000, par value, of United States liberty loan bonds and victory notes.

6. The extent to which the public convenience and necessity will be served is that the loan will enable it to acquire 1,000 box cars, 2,200 hopper cars, 500 refrigerator cars, and 50 locomotives, and to complete and render fully useful additions and betterments now under way and upon which large sums have already been expended.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$2,087,000 for additions and betterments to existing equipment, and a loan of \$5,000,000 for additions and betterments to promote the movement of freight-train cars.

In respect to the loan applied for to aid the applicant in providing itself with freight-train equipment, the Commission is of the opinion that consideration thereof should be deferred until the car-trust indenture, under the provisions of which the applicant proposes to acquire the equipment is submitted to the Commission for approval, and the Commission so finds.

The Commission finds further that the making of a loan of \$3,000,000 by the United States to the applicant for the purpose of

aiding it in making additions and betterments to way and structures to promote the movement of freight-train cars is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and afford reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with the funds necessary for the above-mentioned purposes.

An appropriate certificate will be issued.

Certificate No. 27 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$3,000,000 by the United States to the Baltimore & Ohio Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$3,000,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan shall be secured by the pledge of (1) the Baltimore & Ohio Railroad Company refunding and general mortgage series-A 5 per cent bond No. B-46, for \$5,000,000. This bond is registered in the name of the Baltimore & Ohio Railroad Company, and attached thereto is the bond power executed in blank; and (2) United States government victory loan, 4½ per cent gold notes for \$100,000. These notes are in denomination of \$10,000 each, and are numbered A-14466 to A-14470, inclusive, and A-14567 to A-14571, inclusive, and attached thereto are the coupons due December 15, 1920, and subsequently. Said bonds are payable to bearer.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be proportionately released as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing dated the 1st day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan for additions and betterments to way and structures shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and pay and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads in effect at the time the expenditures may be made; (3) the applicant shall furnish the Commission, on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 1st day of October, 1920.

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FINANCE DOCKET No. 43.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted September 28, 1920. Decided October 4, 1920.

Authority granted: (1) To issue and pledge \$1,000,000 of general-mortgage gold bonds of 1988, and (2) to issue \$1,000,000 of first and refunding mortgage gold bonds, to be held in the treasury of the applicant.

M. L. Bell and W. F. Peter for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

It appearing, That the Chicago, Rock Island & Pacific Railway Company, a common carrier by railroad engaged in interstate commerce, has made application to this Commission under section 20a of the interstate commerce act for authority (1) to issue \$1,000,000 of general-mortgage gold bonds of 1988, under a certain mortgage, and to pledge said bonds with the Central Union Trust Company of New York, pursuant to the terms of the applicant's first and refunding gold-bond mortgage dated April 1, 1904, in connection with the issue of a like amount of its first and refunding mortgage gold bonds; and (2) to issue \$1,000,000 of first and refunding gold bonds under said first and refunding gold-bond mortgage of April 1, 1904, said bonds to be held in the treasury of the applicant, it being proposed to use the same as collateral security for such short-term loans as the applicant may find it necessary to make from time to time until the market for said bonds improves; and

It further appearing, That said application was made in such form and contained such matters as the Commission prescribed, and that it was made under oath, signed, and filed on behalf of said carrier by one of its executive officers having knowledge of the matters therein set forth and duly designated for that purpose by the carrier; and

It further appearing, That notice of the filing of said application has been given to, and a copy thereof filed with, each of the governors of the states of Illinois, Iowa, Arkansas, Colorado, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, New Mexico,

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Oklahoma, South Dakota, Tennessee, and Texas, the only states in which said carrier operates, and that no objection to the issuance by this Commission of an order granting the application has been offered by the railroad, public service, or utilities commission, or other appropriate authority of any of said states; and

It further appearing, That the application has been duly heard and submitted, and that full investigation of the matters and things involved in this proceeding has been had:

Held, That the proposed issues of said bonds by the Chicago, Rock Island & Pacific Railway Company (a) are for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

It is therefore ordered, That the Chicago, Rock Island & Pacific Railway Company be, and it is hereby, authorized (1) to issue, as of the date of January 1, 1898, \$1,000,000 of general-mortgage gold bonds of 1988; said bonds to be issued under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1898, made by the applicant to the Central Trust Company of New York and George Sherman, under which the Bankers Trust Company and Frank N. B. Close are now successor trustees, an attested copy of which is on file with the application; said bonds to be registrable as provided in said general gold-bond mortgage, to bear interest at the rate of 4 per cent per annum, payable semiannually, on the 1st day of January and July in each year, and the principal of such bonds to be payable January 1, 1988; and (2) to pledge these bonds with the Central Union Trust Company of New York, trustee, in accordance with the terms of the applicant's first and refunding gold-bond mortgage of April 1, 1904, made by the applicant to the Central Trust Company of New York (now known as the Central Union Trust Company of New York) and David R. Francis, an attested copy of which is also on file with the application, as part security for the \$1,000,000 of first and refunding mortgage gold bonds, the issue of which is hereinafter authorized, said general-mortgage gold bonds of 1988 to be in the form submitted with the application and to be used solely as such security until otherwise ordered by this Commission.

It is further ordered, That the Chicago, Rock Island & Pacific Railway Company be, and it is hereby, authorized to issue, as of the date of April 1, 1904, \$1,000,000 of first and refunding mortgage gold bonds; such bonds to be issued under and pursuant to, and to be

secured by, the first and refunding gold-bond mortgage of April 1, 1904; the bonds to be subject to redemption and to be registrable as provided in said first and refunding gold-bond mortgage, to bear interest at the rate of 4 per cent per annum, payable semiannually, on the 1st day of April and October in each year, the principal of said bonds to be payable April 1, 1934; said bonds to be in the form submitted with the application, and to be held in the treasury of the applicant, the Chicago, Rock Island & Pacific Railway Company, and not to be used, sold, pledged, or otherwise disposed of except as may be authorized by future order of this Commission.

It is further ordered, That the said general-mortgage gold bonds of 1988 and the said first and refunding mortgage gold bonds shall not be used for any purposes other than those specified in the application; and that the applicant shall make report to this Commission of the pledge of said general-mortgage gold bonds of 1988 with the Central Union Trust Company of New York, trustee, within 10 days after the same shall have been so pledged, and that said applicant shall make report to this Commission of the release of said bonds from such pledge within 10 days after the same shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to the payment of principal or interest on any or all of the bonds of either of said issues.

65 I. C. C.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE
CHICAGO GREAT WESTERN RAILROAD COMPANY
FOR A LOAN FROM THE UNITED STATES TO AID IN
PROVIDING NEW EQUIPMENT AND OTHER ADDI-
TIONS AND BETTERMENTS.

Submitted September 28, 1920. Decided October 4, 1920.

Upon supplemental application, former findings modified and loan of \$276,000 for the purchase of locomotives certified. Certificate of September 10, 1920, canceled.

S. M. Felton, for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago Great Western Railroad Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on May 13, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, and on June 23, 1920, the applicant amended and supplemented the application. On September 28, 1920, the applicant further amended the application by withdrawing its request for a loan for the purpose of making additions and betterments to way and structures and equipment.

In the application, as now amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$276,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the use to which it will be applied are as follows: Purchase of 10 new freight locomotives, total estimated cost, \$552,000, loan requested, \$276,000.
4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.
5. That the security offered is applicant's first-mortgage 50-year 4 per cent gold bonds.
6. That the extent to which the public convenience and necessity will be served by the loan is that the applicant will be enabled to handle traffic without delay and congestion.

secured by, the first and refunding gold-bond mortgage of April 1, 1904; the bonds to be subject to redemption and to be registrable as provided in said first and refunding gold-bond mortgage, to bear interest at the rate of 4 per cent per annum, payable semiannually, on the 1st day of April and October in each year, the principal of said bonds to be payable April 1, 1934; said bonds to be in the form submitted with the application, and to be held in the treasury of the applicant, the Chicago, Rock Island & Pacific Railway Company, and not to be used, sold, pledged, or otherwise disposed of except as may be authorized by future order of this Commission.

It is further ordered, That the said general-mortgage gold bonds of 1988 and the said first and refunding mortgage gold bonds shall not be used for any purposes other than those specified in the application; and that the applicant shall make report to this Commission of the pledge of said general-mortgage gold bonds of 1988 with the Central Union Trust Company of New York, trustee, within 10 days after the same shall have been so pledged, and that said applicant shall make report to this Commission of the release of said bonds from such pledge within 10 days after the same shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to the payment of principal or interest on any or all of the bonds of either of said issues.

65 I. C. C.

FINANCE DOCKET No. 941.

**IN THE MATTER OF THE APPLICATION OF THE
CHICAGO GREAT WESTERN RAILROAD COMPANY
FOR A LOAN FROM THE UNITED STATES TO AID IN
PROVIDING NEW EQUIPMENT AND OTHER ADDI-
TIONS AND BETTERMENTS.**

Submitted September 28, 1920. Decided October 4, 1920.

Upon supplemental application, former findings modified and loan of \$276,000 for the purchase of locomotives certified. Certificate of September 10, 1920, canceled.

S. M. Felton, for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago Great Western Railroad Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on May 13, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, and on June 23, 1920, the applicant amended and supplemented the application. On September 28, 1920, the applicant further amended the application by withdrawing its request for a loan for the purpose of making additions and betterments to way and structures and equipment.

In the application, as now amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$276,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the use to which it will be applied are as follows: Purchase of 10 new freight locomotives, total estimated cost, \$552,000, loan requested, \$276,000.
4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.
5. That the security offered is applicant's first-mortgage 50-year 4 per cent gold bonds.
6. That the extent to which the public convenience and necessity will be served by the loan is that the applicant will be enabled to handle traffic without delay and congestion.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan of \$276,000 to the applicant to aid it in purchasing freight-train locomotives.

After investigation, the Commission finds that the making of a loan of \$276,000 by the United States to the applicant, to enable it to provide itself with equipment consisting of 10 new heavy freight locomotives at an estimated total cost of \$552,000, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

An appropriate certificate will be issued, and amended certificate No. 17, September 10, 1920, will be canceled.

Second Amended Certificate No. 17 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission further certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$276,000 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, for the purpose of enabling it to provide itself with equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which shall be made is \$276,000.

4. That the time from the making thereof within which the loan shall be repaid in full is 15 years.

5. That the terms and conditions of the loan including the security to be given for repayment are:

(a) The loan shall be collaterally secured by the pledge of Chicago Great Western Railroad Company first-mortgage 50-year 4 per cent gold bonds, due September 1, 1959, in denomination of \$1,000 each, numbered from 27009 to 27560, inclusive, and with a total face value of \$552,000. Said bonds are issued under an indenture of mortgage, dated September 1, 1909, executed by the applicant to the Standard Trust Company of New York, trustee.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 5th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{4}$ per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purpose.

Amended certificate No. 17, September 10, 1920, is hereby canceled. Done in Washington, D. C., this 7th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 985.

IN THE MATTER OF THE SUPPLEMENTAL APPLICATION OF THE MAINE CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted September 29, 1920. Decided October 4, 1920.

Application granted and a loan of \$1,000,000 approved.

Morris McDonald, for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Maine Central Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, and on June 26 and August 9, 1920, the applicant amended and supplemented the application.

The said application, as amended and supplemented, was made in the manner required by paragraph (a) of section 210 of the transportation act, 1920, as amended, and was accompanied by such facts and details as the Commission required and deemed pertinent to the inquiry.

In response to the said application, as amended and supplemented, the Commission, on October 9, 1920, by its certificate No. 29, certified to the Secretary of the Treasury its approval of a loan to the applicant of \$653,000 to aid the applicant in providing itself with equipment and additions and betterments to existing equipment and way and structures, to promote the movement of cars.

On September 29, 1920, the applicant further supplemented its application, and set forth:

1. That the amount of additional loan desired is \$1,000,000.
2. That the term for which the additional loan is desired is 15 years.

65 I. C. C.

3. That the purpose of the additional loan and the use to which it will be applied are to meet the maturing indebtedness of \$1,300,000, represented by Penobscot Shore Line Railroad Company mortgage 4 per cent bonds, dated August 1, 1890, maturing August 1, 1920.

4. That the security offered is applicant's first and refunding mortgage 6 per cent gold bonds, series D, due December 1, 1935.

The supplemental application was accompanied by such facts and details as the Commission required and deemed pertinent to the inquiry.

After investigation, the Commission finds that the making of an additional loan by the United States of \$1,000,000 to the applicant to aid it in meeting its maturing indebtedness, as hereinbefore set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 30 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of an additional loan of \$1,000,000 by the United States to the Maine Central Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time from the making thereof, within which the loan shall be repaid in full, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

65 I. C. C.

(a) The loan shall be secured by the pledge of \$1,250,000 of applicant's first and refunding mortgage 6 per cent gold bonds, series D, due December 1, 1935, in coupon form and numbered 16818 to 18067, inclusive, in denomination of \$1,000. The bonds were issued under the first and refunding mortgage securing 20-year gold bonds of the Maine Central Railroad Company to the Union Safe Deposit & Trust Company, of Portland, Me., trustee, dated December 1, 1915.

(b) The applicant may pay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are paid.

(c) That the applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the said applicant to the United States for loans made under section 210 of the transportation act, 1920, shall be applicable in like manner to secure the payment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish in the opinion of the Commission reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant in the opinion of the Commission is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 9th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 980.

IN THE MATTER OF THE APPLICATION OF THE LONG
ISLAND RAILROAD COMPANY FOR A LOAN FROM THE
UNITED STATES TO AID IN PROVIDING EQUIPMENT
AND OTHER ADDITIONS AND BETTERMENTS.

Submitted September 20, 1920. Decided October 4, 1920.

Application granted in part and a loan of \$719,000 approved.

Ralph Peters, for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Long Island Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 5, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to provide itself with equipment and additions and betterments to way and structures, and on June 18, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth.

1. That the amount of the loan desired is \$937,000.

2. That the term for which the loan is desired is 15 years.

3. That the purposes of the loan and the uses to which it will be applied are to provide funds for the purchase of new equipment and the making of additions and betterments to way and structures as follows:

Equipment: Six freight locomotives and four switching locomotives, at \$43,700 each.....	\$437,000
Additions and betterments to way and structures.....	500,000
Total.....	937,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

65 I. C. C.

5. That the security offered is: As to the loan for equipment, equipment-trust certificates in an amount equal to the amount of the loan; as to the loan for additions and betterments, applicant's notes indorsed by the Pennsylvania Railroad Company.

6. That the extent to which the public convenience and necessity will be served is that the equipment and additions and betterments to be acquired from the proceeds of the loan will result in a more expeditious handling of traffic, thereby avoiding delays and congestion due to inadequate facilities.

The application was accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$218,500 for the purchase of freight and switching locomotives and \$500,000 for additions and betterments to promote the movement of freight-train cars.

After investigation, the Commission finds that the making in part of the proposed loan by the United States for the purposes and in the amounts hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
New equipment:			
6 freight locomotives and 4 switching locomotives.....	\$437,000	\$218,000	\$219,000
Additions and betterments to way and structures:			
Team-track yard, Bushwick, N. Y.	500,000	.....	500,000
Enlarging yard at Fresh Pond, N. Y.			
Classification yard, south side of Montauk division			
Interchange tracks with New York Connecting Railroad.....			
Additional holding tracks at New Lots, N. Y.			
Total.....	937,000	218,000	719,000

is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, together with the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

65 I. C. C.

Certificate No. 34 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$719,000 by the United States to the Long Island Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with equipment and in making additions and betterments to way and structures is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant, together with the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$719,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan shall be repaid in 10 equal annual installments of \$71,900 each, maturing consecutively in 1 to 10 years from the date of the loan, and shall be secured as to both principal and interest by the unrestricted guaranty and indorsement of the Pennsylvania Railroad Company.

(b) The applicant may pay all or any part of the loan before maturity.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The security pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 27th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7½ per cent per annum, including in such cost, discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the

expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 12th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 931.

IN THE MATTER OF THE APPLICATION OF THE CAROLINA, CLINCHFIELD & OHIO RAILWAY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING OBLIGATIONS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTELEMENTS.

Submitted September 28, 1920. Decided October 6, 1920.

Upon supplemental application, additional loan of \$1,000,000 approved.

I. McQuilkin and Edward C. Bailly for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

BY DIVISION 4:

By our certificate No. 4 of June 26, 1920, and supplement thereto dated July 1, 1920, we certified a loan of \$2,000,000 to the Carolina, Clinchfield & Ohio Railway, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness and thereby properly to serve the public during the transition period immediately following the termination of federal control.

In its supplemental application of June 17, 1920, upon which the loan was made, the applicant stated that the maturities which it must immediately prepare itself to take care of consisted of \$2,000,000 of 10-year notes maturing July 1, 1920; \$1,300,000 of Elkhorn Extension first-mortgage 5 per cent notes, the payment of which was extended until January 1, 1922, on condition that applicant place them with another holder not later than July 1, 1920; and the short-time notes and acceptances in the amount of \$4,124,000 referred to in an original application dated May 28, 1920, making an aggregate of upwards of \$7,000,000.

Among the terms and conditions of the loan of \$2,000,000 it was provided that the applicant itself should finance and meet, among other things, (a) \$1,300,000 of Elkhorn Extension first-mortgage 5 per cent notes, the payment of which was extended until January

65 I. C. C.

1, 1922, on condition, as stated in the application, that applicant place them with another holder not later than July 1, 1920; and (b) short-term notes and acceptances in the amount of \$4,124,000, which were the short-term notes and acceptances mentioned above as referred to in the application of May 28, 1920, by the issue and sale to its shareholders or others of its income debentures in an amount not less than \$5,000,000 (out of an authorized issue of \$6,000,000), bearing not more than 6 per cent per annum interest and sold at not less than par, the undertaking of the applicant in this regard to be underwritten by a responsible banking house, which should agree to dispose of or purchase these debentures at par and at not exceeding 6 per cent per annum interest, and without other cost to the applicant, as floating indebtedness and other obligations should mature or become due.

The loan of \$2,000,000 was used by applicant to discharge the \$2,000,000 of 10-year notes maturing July 1, 1920. The applicant desired to provide for the \$1,300,000 of Elkhorn Extension first-mortgage 5 per cent notes by placing them with another holder instead of through the sale of its income debentures; and it was contemplated that the \$4,124,000 of short-term notes and acceptances, as well as equipment-trust and other obligations, should be met as they matured or became due by the sale at par, under the underwriting agreement above referred to, of the 6 per cent income debentures in the amount of not less than \$5,000,000.

In the negotiations leading to the making of the loan of \$2,000,000 there was considered a tentative provision looking toward the issue and underwriting of the full \$6,000,000 of debentures instead of the amount of \$5,000,000 finally incorporated in the conditions and agreement. The change to \$5,000,000 was made in view of the undertaking and desire of the applicant to finance in other ways the \$1,300,000 of Elkhorn Extension first-mortgage 5 per cent notes, the payment of which had been extended to July 1, 1922, but which applicant was required to place with another holder not later than July 1, 1920.

Applicant now says that it has made every effort to dispose of the \$1,300,000 of 5 per cent Elkhorn first-mortgage gold notes until their maturity, but has only succeeded in postponing until October 1, 1920, as to \$1,000,000 thereof (now held by the Bankers Trust Company of New York City), and until April 29, 1921, as to \$300,000 thereof (now held by the Equitable Trust Company of New York), the time when applicant must procure a new purchaser or take up the notes, and that applicant has been unable to induce the holder of the \$1,000,000 of these notes due October 1, 1920, to carry the same for any further period, and after negotiating with a number of banks

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and financial institutions in the city of New York for the purpose of inducing them to purchase the notes, the applicant is of the opinion that it is exceedingly improbable that anyone can be induced to purchase the same except on prohibitive terms. As reasons for its inability to finance its requirements in this respect, applicant advances the following: (a) The present condition generally of the money market; (b) the current interest rates for short-time financing which, if the necessary financial assistance could be obtained in this instance, would be at the rate, as stated by applicant, of from 12 to 15 per cent per annum; (c) the notes in question are extended notes and are not listed on any of the public exchanges, the market therefore is inactive and quotations are far below the intrinsic value of the notes; (d) the notes would have to be sold, if a market could be made for the amount in question, at prices even lower than present quotations; (e) stockholders of the company in undertaking to purchase at par \$5,000,000 of unsecured 6 per cent 15-year income debentures of the company have reached the limit of their present financial ability to meet the situation.

Applicant acknowledges its responsibility under the conditions and agreement in respect of the \$2,000,000 loan to place the Elkhorn notes with another purchaser, and states that if the Commission insists it will carry out this undertaking, even at the burdensome rates of interest, from 12 to 15 per cent, which it must pay. We are of the opinion that it is not in the public interest to require applicant to assume this burden, but that it should be made a loan for such period of time, which we determine to be one year, as may enable it to place those notes upon more favorable terms.

From our investigation of the present application it appears that although arrangements have been initiated for the sale of the \$5,000,000 of unsecured 6 per cent 15-year income debentures, to be taken by the stockholders of the company, none of these debentures has actually been issued and no part of the proceeds of these debentures has come into the treasury of applicant, and applicant's short-time notes and acceptances, as shown by its own accounts, have not been paid off and canceled as they matured or became due, but have actually increased in amount to the extent of \$200,000, amounting, as shown by statement furnished by applicant's president on September 24, 1920, to \$4,324,000. This is explained by applicant as due to necessary time required in the formation of the syndicate and to the fact that payments by the syndicate, organized to purchase the \$5,000,000 of debentures, are made in installments, not all of which have become due, and it is further explained that the syndicate has taken care of notes and acceptances in the total principal amount of \$3,500,000, some of which are past due and some of which have not

yet matured. Two of the company's notes, aggregating \$624,000, have not been taken up by the syndicate, although they are past due, and are carried on demand. Notes to the amount of \$1,050,000, which have been taken up by the syndicate and which matured in June, July, and August, 1920, were renewed or extended. Applicant has not filed with the Commission its application under section 20a of the interstate commerce act for authority to issue the 6 per cent debentures in the total principal amount of \$6,000,000, of which a total amount of \$5,000,000 is to be taken by the syndicate of stockholders for the liquidation of short-term indebtedness.

The payment, as they matured or became due, of these short-time notes and acceptance in the aggregate of \$4,124,000 was one of the principal conditions of the loan of \$2,000,000. It is our opinion that application for authority to issue the debentures should be made immediately and that the entire purchase price of the \$5,000,000 of debentures to be taken by the stockholders should be paid into the treasury of the company and applied to meeting the short-term obligations and acceptances in the amount of \$4,124,000, above referred to, and such other current obligations as may be met by the remainder of \$876,000, all before January 1, 1921, and such action will be made a condition of the further loan of \$1,000,000 which we shall now certify.

The present application is supplemental to previous applications for loans under section 210 of the transportation act, 1920, made by this applicant for the purpose of enabling it to meet its maturing indebtedness. Applicant has set forth in its several applications amounts of the loans, the terms for which the loans were desired, the purposes of the loans, and the uses to which they would be applied, the present and prospective ability of the applicant to repay the loans and meet the requirements of its obligations in that regard, the character and value of the security offered, and the extent to which the public convenience and necessity will be served. The applications were accompanied by statements showing such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

Applicant offers as security for the present loan the deposit with the Secretary of the Treasury, in addition to the securities already on deposit with him for previous loan of \$2,000,000, the following:

- (1) \$1,000,000 of 5 per cent Elkhorn first-mortgage gold notes of

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the applicant dated February 1, 1917, issued under and secured by mortgage from the applicant to the New York Trust Company, as trustee, dated February 1, 1917, being part of an authorized issue of \$6,000,000 of said notes, all of which are outstanding and have been extended to January 1, 1922, with interest at the rate of 6 per cent per annum, by a supplemental indenture between the applicant and the New York Trust Company, as trustee, and the note holders, dated December 15, 1919; this mortgage a first lien upon the line of the applicant from Dante, Va., to Elkhorn City, Ky., comprising approximately 34.68 miles; and (2) \$500,000 (now pledged with the Bankers Trust Company to secure applicant's obligation maturing October 1, 1920) of first-mortgage 5 per cent 30-year gold bonds of applicant dated June 1, 1908, and June 1, 1938, issued under and secured by a mortgage from the applicant to the Farmers Loan & Trust Company, dated June 1, 1908, which are part of an authorized issue of \$15,000,000 of said notes, of which \$14,850,000 are now outstanding; this mortgage a first lien on the line of the applicant from Dante, Va., to North Carolina-South Carolina state line, comprising approximately 223.47 miles, subject to the prior lien of the Lick Creek & Lake Erie Railroad mortgage for \$200,000 on about 7 miles between Dante and Fink, Va., and on \$3,000,000 (entire issue), of first-mortgage bonds of the Carolina, Clinchfield & Ohio Railway of South Carolina, constituting a first lien on about 18 miles of line in South Carolina.

We are of opinion that the character and value of the security offered, in connection with the prospective earning power of the applicant, afford reasonable assurance of applicant's ability to repay the loan and meet its other obligations in connection therewith.

After informal hearings and investigation we accordingly find that the making of the further proposed loan of \$1,000,000 by the United States for the purpose of enabling applicant to meet its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public, and that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

We further find that the loan should be made in the amount of \$1,000,000, and that the time from the making thereof within which it is to be repaid is one year, with the option to applicant of repayment at any time before maturity.

We further find that the security to be given for repayment is that offered by the applicant as hereinabove set forth; that the prospective earning power of the applicant, together with the char-

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acter and value of the security offered, furnish in our opinion reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

We further find that it shall be a condition of the loan that applicant undertake to issue and sell the \$5,000,000 of income debentures hereinabove referred to, and collect into its treasury in cash the par value thereof, and with the proceeds of such sales pay off, discharge, and cancel the short-time obligations and acceptances in the amount of \$4,124,000 above referred to, and such other current indebtedness as may be met by the remainder of \$876,000 of the proceeds of such sale, all before January 1, 1921; and that in the event of the failure of applicant faithfully to perform all or any part of this condition, the amount of the loan and the obligations representing the same shall, upon certificate of such fact by the Interstate Commerce Commission, become immediately due and payable.

An appropriate certificate will be issued.

Certificate No. 28 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Carolina, Clinchfield & Ohio Railway, hereinafter referred to as the applicant, for the purpose of enabling it to meet in part its maturing indebtedness consisting of \$1,300,000, principal amount, of 5 per cent Elkhorn Extension first-mortgage gold notes, the payment of which was extended until January 1, 1922, on condition that applicant place them with another holder not later than July 1, 1920, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time from the making thereof within which the loan is to be repaid in full is one year.

5. That the terms and conditions of the loan including the security to be given for repayment, are:

- (a) The loan shall be collaterally secured by the pledge of (1) \$1,000,000 of 5 per cent Elkhorn first-mortgage gold notes of

the applicant dated February 1, 1917, issued under and secured by mortgage from the applicant to the New York Trust Company, as trustee, dated February 1, 1917, being part of an authorized issue of \$6,000,000 of said notes, all of which are outstanding and have been extended to January 1, 1922, with interest at the rate of 6 per cent per annum, by a supplemental indenture between the applicant and the New York Trust Company, as trustee, and the note holders, dated December 15, 1919; and (2) \$500,000, principal amount (now pledged with the Bankers Trust Company to secure applicant's obligation maturing October 1, 1920), of first-mortgage 5 per cent 30-year gold bonds of applicant dated June 1, 1908, and due June 1, 1938, issued under and secured by a mortgage from the applicant to the Farmers Loan & Trust Company, dated June 1, 1908, which are part of an authorized issue of \$15,000,000, principal amount, of said notes, of which \$14,850,000, principal amount, are now outstanding.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 6th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: That the applicant undertake to issue and sell at par \$5,000,000 of its 6 per cent income debentures and collect into its treasury in cash the par value thereof, and with the proceeds of such sale pay off, discharge, and cancel its short-time obligations and acceptances in the amount of \$4,124,000, included in a total of \$4,324,000 now outstanding, and such other current indebtedness as may be met by the remainder, \$876,000, of the proceeds of such sale, all before January 1, 1921. In event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan as the Commission may designate, shall at the option of the holder become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the

opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purposes.

Done in Washington, D. C., this 8th day of October, 1920.

FINANCE DOCKET No. 965.

IN THE MATTER OF THE APPLICATION OF THE GREAT
NORTHERN RAILWAY COMPANY FOR A LOAN FROM
THE UNITED STATES TO MEET MATURING IN-
DEBTEDNESS AND TO PROVIDE EQUIPMENT AND
OTHER ADDITIONS AND BETTERMENTS.

Submitted October 1, 1920. Decided October 6, 1920.

Authority granted to modify collateral security for loan certified July 28, 1920.

E. C. Lindley for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Great Northern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 22, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to meet its maturing indebtedness and to provide itself with equipment and other additions and betterments. On June 21, 1920, the applicant supplemented its application.

In response to the aforesaid application and supplement thereof, the Commission on August 27, 1920, in its amended certificate No. 13, certified to the Secretary of the Treasury its approval of the making of a loan by the United States to the applicant of \$17,910,000, apportioned as follows:

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To aid in the purchase of locomotives.....	\$2, 010, 000
To pay, in part for strengthening existing equipment and for making other additions and betterments.....	900, 000
To aid in meeting maturing indebtedness.....	15, 000, 000
Total.....	17, 910, 000

In respect of the loan to aid the applicant in the purchase of equipment (locomotives), namely \$2,010,000, the aforesaid amended certificate No. 13 provides, among other things, that the loan shall be secured—

by the pledge of applicant's equipment notes or car-trust certificates in respect of said equipment, which equipment notes or car-trust certificates shall be secured by a second lien on the equipment, subordinate only to the first lien on the said equipment to secure the applicant's equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public. The equipment notes or car-trust certificates pledged as collateral security for the loan from the United States on the aforesaid equipment shall be secured by the same equipment-trust indenture or agreement of conditional sale by which the equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public are secured, and under which title to the equipment shall not pass to the applicant nor from the trustee for the benefit of the note holders or certificate holders until the notes or certificates shall have been paid in full and applicant shall have fulfilled all its obligations in regard thereto.

The aforesaid amended certificate No. 13 provides, among other things, also that—

All of said loans are to be further secured by the pledge as collateral security of a total of \$22,387,000, par value, of Great Northern Railway Company first and refunding mortgage 50-year 4½ per cent gold bonds, due July 1, 1961.

The applicant, by its general counsel, E. C. Lindley, on October 1, 1920, requested that it be permitted to pledge \$1,812,500, par value, of its first and refunding mortgage 50-year 4½ per cent gold bonds, due July 1, 1961, as additional collateral security for the entire loan represented by the aforesaid amended certificate No. 13, in lieu of the applicant's equipment notes secured by a second lien on the aforesaid equipment, as provided in the aforesaid amended certificate No. 13.

After investigation and reconsideration, the Commission is of the opinion that the pledge of \$1,812,500, par value, of the aforesaid bonds in addition to the \$22,387,000 par value thereof, already pledged as collateral security for the entire loan heretofore certified to the Secretary of the Treasury in amended certificate No. 13, of August 27, 1920, in lieu of the applicant's equipment notes secured by a second lien on the equipment, as now provided in said amended certificate No. 13, furnishes reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and so finds.

An appropriate second amended certificate No. 13 will be issued.
65 I. C. C.

Second Amended Certificate No. 13, for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission further certifies to the Secretary of the Treasury its findings:

1. That amended certificate No. 13, dated August 27, 1920, is hereby amended by eliminating therefrom that paragraph reading as follows:

The applicant's notes evidencing the loan from the United States on the aforesaid equipment shall bear interest, payable semiannually, at the rate of 6 per cent per annum, and shall be secured by the pledge of applicant's equipment notes or car-trust certificates in respect of said equipment which equipment notes or car-trust certificates shall be secured by a second lien on the equipment, subordinate only to the first lien on the said equipment, to secure the applicant's equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public. The equipment notes or car-trust certificates pledged as collateral security for the loan from the United States on the aforesaid equipment shall be secured by the same equipment-trust indenture or agreement of conditional sale by which the equipment notes or car-trust certificates (for the remainder of the purchase price) to be sold or offered to the public are secured, and under which title to the equipment shall not pass to the applicant nor from the trustee for the benefit of the note holders or certificate holders until the notes or certificates shall have been paid in full, and applicant shall have fulfilled all its obligations in regard thereto.

2. That said amended certificate No. 13, of August 27, 1920, is hereby further amended by changing the figures "22,387,000" in subdivision 5 thereof to read "24,199,500" so that the sentence shall read as follows:

All of said loans are to be further secured by the pledge as collateral security of a total of \$24,199,500 par value of Great Northern Railway Company first and refunding mortgage 50-year 4½ per cent gold bonds, due July 1, 1961.

Done in Washington, D. C., this 8th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 935.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted October 6, 1920. Decided October 10, 1920.

Application granted in part and loan of \$3,759,000 approved.

C. E. Graham and *A. C. Rearick* for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Chesapeake & Ohio Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in providing itself with equipment and in making additions and betterments to way and structures. The application was amended June 19, 1920.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$13,538,644.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with equipment and additions and betterments as hereinbelow set forth:

Equipment:

20 Mallet articulated compound freight locomotives, at \$90,000 each.....	\$1,800,000
5 heavy switching locomotives, at \$63,500 each.....	317,500
1,000 100-ton steel coal cars, at \$6,200 each (less estimated saving on specialties, \$200).....	6,000,000
Total equipment.....	8,117,500
Total equipment, in round figures.....	8,200,000
Additions and betterments to way and structures, estimated to cost..	5,338,644
Total requested	13,538,644
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4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-lien and improvement mortgage 20-year 5 per cent gold bonds due 1980, and United States government 4½ per cent fourth liberty loan bonds.

6. The extent to which the public convenience and necessity will be served is that the loan will enable the applicant to acquire additional equipment and other needed additions and betterments to facilitate the movement of traffic.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan to the applicant of \$1,058,750 for freight and switching locomotives, and \$1,658,750 for freight-train cars.

The applicant, on August 20, 1920, requested deferred consideration of its application in respect of additions and betterments. We are of the opinion that consideration of the making of a loan for additions and betterments should be deferred, and so find.

After investigation, we find that the making in part of the proposed loan by the United States in the amount of \$3,759,000 to be used in the manner hereinbelow set forth:

New equipment.	Estimated cost.	Financed by applicant.	Loan by United States.
20 Mallet articulated compound freight locomotives, \$1,800,000.....	\$2,117,500	\$1,059,500	\$1,058,000
5 heavy switching locomotives, \$317,500.....			
1,000 100-ton steel coal cars.....			
Total.....	8,117,500	4,358,500	3,759,000

is necessary to enable the applicant properly to meet the transportation needs of the public.

We further find that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and afford reasonable protection to the United States, and that the applicant is unable to provide itself with the funds necessary for the above-mentioned purposes from other sources.

An appropriate certificate will be issued.

Article No. 50 for a Loan under Section 210 of the Transportation Act, 1920.

Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

That the making of a loan of \$3,759,000 by the United States Chesapeake & Ohio Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in equipping itself with equipment, is necessary to enable the applicant to meet the transportation needs of the public.

That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish ample assurance of the applicant's ability to repay the loan at the time fixed therefor, and to meet its other obligations in connection with such loan.

That the amount of the loan which is to be made is \$3,759,000.

That the time from the making thereof within which the loan is to be repaid in full is 10 years.

That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

The loan shall be collaterally secured by making pledge of \$3,759,000, principal amount of applicant's first-lien and improved mortgage 20-year 5 per cent series-A gold bonds, due 1930, under an indenture of mortgage and deed of trust, dated December 1, 1910, executed by the applicant to the United States Trust and Trust Company of New York and William H. White, the same being numbered and in denominations as follows:

Bond No. 91.....	\$240,000
Bond No. 108.....	1,225,000
Bond No. 107.....	88,000
Bond No. 108.....	1,839,000
Bond No. 109.....	867,000
Total.....	3,759,000

The loan shall be further collaterally secured by the pledge of \$3,759,000, principal amount, of United States government 4½ per cent fourth liberty loan bonds in denominations of \$10,000, and as follows:

Nos. 4934 to 4936, inclusive.....	3 bonds.
Nos. 44210 to 44231, inclusive.....	22 bonds.
Nos. 73582 to 73606, inclusive.....	25 bonds.
Nos. 122851 to 122900, inclusive.....	50 bonds.
Total.....	100 bonds.

The applicant shall have the right, provided authority therefor shall first be obtained from the Interstate Commerce Commission in accordance with law, to extend the maturity of the said first-lien bonds.

and improvement mortgage 20-year 5 per cent gold bonds to a date not later than April 1, 1946, upon the terms and otherwise as set forth in section 5 of article 6 of the trust indenture, dated April 1, 1916, between the applicant and the Central Trust Company of New York (now Central Union Trust Company of New York), trustee, securing \$40,180,000, face amount of the applicant's 5 per cent convertible 30-year secured gold bonds, provided that at the same time all other of said first-lien and improvement mortgage bonds then issued and outstanding be likewise extended.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 13th day of October, 1920, filed with the Interstate Commerce Commission, to the following condition: That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{4}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 14th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 3.

IN THE MATTER OF THE APPLICATION OF THE KANSAS CITY, MEXICO & ORIENT RAILROAD COMPANY, ITS RECEIVER, AND THE KANSAS CITY, MEXICO & ORIENT RAILWAY COMPANY OF TEXAS, FOR A LOAN.

Submitted September 27, 1920. Decided October 11, 1920.

Upon supplemental application, and reconsideration of the record, original finding modified and loan of \$2,500,000 to the receiver of the Kansas City, Mexico & Orient Railroad Company approved.

Clifford Histed and Wm. T. Kemper for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kansas City, Mexico & Orient Railroad Company and the Kansas City, Mexico & Orient Railway Company of Texas, carriers by railroad, subject to the interstate commerce act, on May 15, 1920, made joint application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to pay and discharge outstanding receiver's certificates maturing December 1, 1920, and to meet fixed charges and operating expenses after September 1, 1920. On June 4, 1920, said carriers and William T. Kemper, receiver of the former, amended and supplemented the application.

In connection with such application, a hearing was held by the Commission on June 8, 1920, and upon consideration of the evidence and arguments there presented, and the showing made in the application, the Commission, in report, July 1, 1920, announced its inability to make the two findings which are prerequisites to the certification of a loan under section 210 of the transportation act, 1920, as amended:

(a) * * * that the making in whole or in part of the proposed loan by the United States is necessary to enable the applicant properly to meet the transportation needs of the public; and

(b) * * * that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan and to meet its other obligations in connection with such loan.

The Commission on July 1, 1920, ordered that the application be denied.

On July 13, 1920, a petition for reconsideration of the Commission's decision was filed, and the receiver of the Kansas City, Mexico & Orient Railroad Company, on August 2, 1920, made a further informal application to the Commission for a loan of \$2,500,000, under section 210 of the transportation act, 1920, as amended, with which to meet indebtedness maturing December 1, 1920.

It was found in the Commission's report of July 1, 1920, that the railroad system of the Kansas City, Mexico & Orient Railroad Company, consisting of its own lines and those of its subsidiary in the United States (the Kansas City, Mexico & Orient Railway Company of Texas) is of essential importance in meeting the transportation needs of the public in the territory which it serves.

It having been made clear to the Commission that the loan requested in the amended application of August 2, 1920, is necessary to enable the receiver to continue the operation of the railroad system in his charge, and thereby meet the transportation needs of a large and important section of the United States, the Commission informed the receiver by letter, August 9, 1920, that a loan would be certified to the Secretary of the Treasury of \$2,500,000 to meet receiver's certificates maturing December 1, 1920, upon the submission of a supplemental application approved by order of the court and embodying the following conditions:

(a) The \$1,000,000 of receiver's certificates in the treasury (of the applicant) shall be sold at not less than par, and the proceeds thereof shall be devoted solely to the purpose of enabling the carrier properly to serve the public. No part of the proceeds of these receiver's certificates until the loan to the United States shall have been paid, shall be used to pay any principal or interest upon any of the securities of the company (the Kansas City, Mexico & Orient Railroad Company) or of the receiver, except receiver's certificates, and no dividends or distribution of profits or moneys of any kind shall be made to the stockholders, bondholders, or noteholders of any of the Orient lines or companies until the Government loan shall have been repaid.

(b) There shall be deposited as security for the loan of \$2,500,000 receiver's certificates payable in one year and not later than December 1, 1921, issued under proper order of court, and there shall also be deposited as security at least 90 per cent of the outstanding gold notes (of the Kansas City, Mexico & Orient Railroad Company) with all of the collateral now deposited as security for such notes.

(c) There shall further be deposited as security for the Government loan the receiver's certificates maturing in 1920 for the payment of which the loan is to be employed. There shall be issued proper orders of the court authorizing the loan and the security, and providing definitely that upon failure to pay the Government loan when due and not later than December 1, 1921, there shall be an immediate foreclosure, and the property shall be sold, with the condition of continued operation upon the purchaser, with an upset price no greater than shall be sufficient to take care of the principal and interest that may be due on the Government loan, or on the receiver's certificates to be deposited as collateral therefor, and necessary costs of the action. And there shall be deposited

with the Secretary of the Treasury the agreement of the trustees and of at least 90 per cent of the security holders, including at least 90 per cent of the holders of the gold notes, that in the event of default in payment of the Government loan, the property shall be so sold and with such conditions.

(d) The order of the court and the agreement of the security holders shall also provide that there shall be no payments made of any kind, except for the legitimate cost of operation arising after December 1, 1920, out of funds or moneys coming into the possession of the companies or of the receiver, until the Government loans shall have been repaid, except that the legitimate cost of operation of the lines prior to December 1, 1920, may be paid out of the proceeds of the sale of the receiver's certificates of \$1,000,000 now in the Treasury, or from earnings or income prior to said date.

Responsive to the aforesaid letter, William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, hereinafter referred to as the receiver, on September 27, 1920, in conformity with a decree of the United States district court for the district of Kansas, first division, filed with the Commission a supplemental application for a loan with which to meet indebtedness of \$2,500,000 in receiver's certificates, due December 1, 1920.

The \$1,000,000 of receiver's certificates mentioned in paragraph (a) above have been authorized to be issued by the court and by the Commission with restrictions as to the use of the proceeds thereof which effectively prevent the use thereof in violation of the restrictions of that paragraph. In a collateral agreement, breach of the conditions of which is made the basis for precipitating the repayment of the loan, the receiver has undertaken to observe and meet the restrictions upon his use of money coming into his possession or the possession of the company after December 1, 1920, as contained in paragraph (d). This agreement is made pursuant to authority conferred upon the receiver by the decree of court of September 23, to execute such further instruments and to take such action and do such things as may be required by the Interstate Commerce Commission or by the Secretary of the Treasury in negotiating and securing said loan and the proceeds thereof and the deposit and pledge of the securities therefor, in carrying the purposes of the order into effect.

The application and the decree of court upon which it is based offer substantial compliance with the other conditions quoted, except that the receiver pleads his inability to deposit 90 per cent of the outstanding gold notes as security for the loan, or an agreement of the trustees and of 90 per cent of the security holders as required by paragraphs (c) and (d).

As reason for his failure to meet all the conditions prescribed by the Commission, the receiver recites the refusal, because of legal inability of the trustees to take the desired action, and an extremely

scattered ownership of the notes, making it practically impossible to secure concerted action within a reasonable time. The receiver offers as security for a loan a receiver's certificate which has been authorized by decree of the court, dated September 23, 1920, to become a lien "upon all the property, real, personal, or mixed" of the Kansas City, Mexico & Orient Railroad Company, prior to and underlying all other indebtedness of said company, including the note holders aforesaid. Said decree was entered with the consent of all the parties litigant in the cause wherein the receiver was appointed. These include the Trustees Corporation, Limited, of London, England (formerly known as the Trustees, Executors, and Securities Insurance Corporation, Limited), and the Columbia Trust Company, of New York (formerly known as the Columbia-Knickerbocker Trust Company), which are the trustees under the collateral-trust indenture of the Kansas City, Mexico & Orient Railroad Company, the mortgage under which its collateral-trust notes are outstanding, and in the hands of the public. These notes represent the entire bonded indebtedness of the applicant, all the bonds of its only other authorized issue being pledged as security under its said collateral-trust indenture. Also included among the parties litigant is the committee of note holders organized under a note holders deposit agreement to protect the interests of the holders of the railroad company's outstanding collateral-trust notes; and the defendant, the Kansas City, Mexico & Orient Railroad Company.

As the proper representatives of the note holders committee and of the trustees have consented to the entering of said decree, which subordinates the security of their own holdings to the security of the loan from the United States, further agreement by the note holders or trustees will be waived.

The supplemental application now before the Commission, and the decree of court upon which it is based, set forth:

1. That the amount of the loan desired is \$2,500,000.
2. That the term for which it is desired shall expire on December 1, 1921.
3. That the purpose of the loan and the use to which it will be applied are to meet maturing indebtedness consisting of receiver's certificates due December 1, 1920, of a face value of \$2,500,000.
4. That the present and prospective ability of the receiver to repay the loan and meet the requirements of its obligations in that regard is shown by the statements and schedules accompanying the amended and supplemental application of the Kansas City, Mexico & Orient Railroad Company and William T. Kemper, its receiver, and the Kansas City, Mexico & Orient Railway Company of Texas, filed with the Commission on June 4, 1920.

5. The character and value of the security offered for the loan is a receiver's certificate for \$2,500,000, payable December 1, 1921, issued under the above-mentioned order of court, making said certificate an underlying lien upon the entire property and assets of the receiver and of the Kansas City, Mexico & Orient Railroad Company, and the receiver's certificates maturing December 1, 1920, as and when taken up by the receiver with the proceeds of the loan applied for.

6. That the extent to which the public convenience and necessity will be served by the loan is that the receiver will be enabled to continue the operation of the properties of the company, whereas without the aid of such loan he would be compelled to permanently suspend such operation.

There have heretofore been filed such facts in detail with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the receiver, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the receiver to make good the obligation as the Commission deemed pertinent to the inquiry.

Upon reconsideration of the entire matter, and particularly of the supplemental application and the decree of court upon which it is based, the Commission finds that the making of the proposed loan of \$2,500,000 by the United States to the receiver of the Kansas City, Mexico & Orient Railroad Company, to meet maturing indebtedness consisting of receiver's certificates, due on or before December 1, 1920, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the receiver and the character and value of the security offered afford reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and to meet his other obligations in connection with such loan, and reasonable protection to the United States; and that the receiver is unable to provide himself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate to the Secretary of the Treasury accordingly will issue.

Certificate No. 33 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$2,500,000 by the United States to William T. Kemper, receiver for the Kansas City, Mexico & Orient Railroad Company, hereinafter referred to as the receiver,
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for the purpose of enabling him to meet maturing indebtedness consisting of receiver's certificates due December 1, 1920, is necessary to enable the receiver properly to meet the transportation needs of the public.

2. That the prospective earning power of the receiver and the character and value of the security offered are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and to meet his other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$2,500,000.

4. That the time from the making thereof within which the loan is to be repaid shall be on or before December 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repayable on or before December 1, 1921, and shall be collaterally secured by the hypothecation and pledge of a receiver's certificate of indebtedness in the principal amount of \$2,500,000, which shall mature December 1, 1921, and bear interest payable semiannually on the 1st day of June and December at the rate of 6 per cent per annum, said receiver's certificate of indebtedness to be substantially in the form and substance set forth in paragraph 3 of that certain decree of the United States district court for the district of Kansas, first division, dated and entered on September 23, 1920, in the case of The Trustees Corporation, Limited, and Columbia Trust Company, plaintiffs, against the Kansas City, Mexico & Orient Railroad Company, The Lord Monson, Cecil Braithwaite, Frederick Hurdle, Benjamin Nowgass, Edward Wagg, Sir Ernest Schiff, Willard V. King, Leonor F. Loree, S. Davies Warfield, W. T. Kemper, and E. D. Stair, as a committee constituted under a deposit agreement dated March 12, 1912, defendants, consolidated cause No. 239-N.

(b) There shall be deposited with the Secretary of the Treasury as a condition precedent to the delivery of the cash proceeds of the loan to the receiver, receiver's certificates signed by William T. Kemper, receiver, and countersigned by Morton Albaugh, clerk, United States district court, district of Kansas, maturing on or before December 1, 1920, for the face amounts and with serial numbers as follows: 500 certificates numbered 1 to 500, inclusive, \$1,000 each; 300 certificates numbered 501 to 800, inclusive, \$5,000 each; 50 certificates numbered 801 to 850, inclusive, \$10,000 each; 850 certificates for a total face amount of \$2,500,000. Said certificates may be canceled by stamping or writing upon the face thereof "Canceled—William T. Kemper, Receiver," and shall be held by the Secretary of the Treasury as muniments of title.

(c) The receiver shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the receiver to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The receiver may repay all or any part of the loan at any time before maturity. The collateral security shall be released proportionately as parts of the loan are paid.

(e) The receiver has agreed in an instrument in writing dated the 7th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: There shall be no payment made by the receiver, of any kind, except for the legitimate cost of operation arising after December 1, 1920, out of funds or moneys coming into the possession of the company or of the receiver, until the government loan, as aforesaid, shall have been repaid, except that the legitimate cost of operation of the lines prior to December 1, 1920, may be paid out of the proceeds derived from the sale of receiver's certificates of \$1,000,000, due December 1, 1920, heretofore sold in accordance with the authorization of this Commission, or from earnings or income, prior to said date.

(f) In the event the Commission shall certify to the Secretary of the Treasury that the receiver has failed or refused well and truly to comply with the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the earning power of the receiver, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the receiver, in the opinion of the Commission, is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 11th day of October, 1920.

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FINANCE DOCKET No. 994.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI PACIFIC RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted September 15, 1920. Decided October 11, 1920.

Application granted in part and a loan of \$8,871,760 approved.

J. G. Drew for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Missouri Pacific Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 28, 1920, made two applications to the Interstate Commerce Commission for loans from the United States in accordance with section 210 of the transportation act, 1920, one for a loan to meet its maturing indebtedness and the other for a loan to provide itself with equipment. On July 16, 1920, the applicant made a third application for a loan to aid it in making other additions and betterments. All are dealt with in this report.

In the applications, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$9,791,929.
2. That the term for which the loan is desired is five years or longer.
3. That the purposes of the loan and the uses to which it will be applied are to meet maturing indebtedness, the purchase of new equipment, and the making of additions and betterments, as follows:

For maturities:

To pay the Missouri Pacific Railway Company consolidated 6	
per cent bonds maturing November 1, 1920.....	\$5,816,000
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For equipment:

5 switching locomotives	\$194, 500
25 baggage cars	500, 000
10 passenger coaches	295,000

Total	989, 500
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For other additions and betterments:

Rail and other track material	175, 000
Bridges, trestles, and culverts	813, 649
Additional yard and industrial tracks	724, 894
Changes of grade and alignment	15, 000
Signals and interlocking plants	175, 405
Telegraph and telephone lines	86, 067
Freight and passenger stations	107, 480
Fuel stations and appurtenances	72, 440
Water stations and appurtenances	372, 026
Shop buildings and enginehouses	697, 038
Shop machinery and tools	29, 588
Wharves and docks	22, 085
Large drainage district projects	20, 807
Yard and enginehouse facilities (Union Railway, Memphis, Tenn.)	175, 000

Total	2, 986, 429
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Grand total	9, 791, 929
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4. The present and prospective ability of the applicant to repay the loan and meet the requirements of its obligations in that regard.

5. That the security offered consists of the first and refunding mortgage bonds of the applicant, as follows: series A, 5 per cent, maturing February 1, 1965, and series D, 6 per cent, maturing February 1, 1949, in such amount and value as may be agreed upon, and in addition thereto, to secure the loan aforesaid for the purchase of equipment, a lien upon the equipment in the form of an equipment-trust or other approved method.

6. That the extent to which the public convenience and necessity will be served by the loan is that the applicant will be enabled to maintain its credit by the prompt retirement of the maturities referred to, relieve congestion existing in its terminals, and furnish needed additions and betterments to promote efficient operation of its road.

The applications were accompanied by such facts and details as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$4,394,429, apportioned as follows: For the meeting of maturities, \$1,454,000; for the purchase of freight and switching locomotives, \$97,250; and for additions and betterments to way and structures, \$2,843,179.

The following items have been eliminated from the application for loan for additions and betterments to way and structures as not directly tending to promote the movement of freight-train cars:

Construction of a 596-foot extension to a freight house at Gurdon, Ark.	\$1,360
Construction of a 350-foot extension to suburban passenger track at Kirkwood, Mo	2,325
Construction of a lavatory for car-department employees at Hoisington, Kans.	8,430
Change in line reported necessary on account of the Fort Chartres and Ivy Land drainage district No. 5	20,807
Total	27,922

The applicant also, subsequent to the filing of its application, informally requested that the loan for maturities in a partial amount of \$4,362,000 be for a term of one year.

After investigation, the Commission finds that the making in part of the proposed loan by the United States, for the purposes and in the amounts as follows:

Purpose.	Estimated cost.	To be loaned.
Meeting indebtedness, consisting of the Missouri Pacific Railway consolidated 6 per cent bonds, maturing November 1, 1920	\$5,816,000	\$5,816,000
Purchase of new equipment, consisting of five switching locomotives	194,500	97,250
Other additions and betterments:		
Rail and other track material	175,000	
Bridges, trestles, and culverts	313,649	
Additional yard and industry tracks	721,209	
Changes of grade and alignment	15,000	
Signals and interlocking plants	175,406	
Telephone and telegraph lines	85,067	
Freight station facilities, track scales, etc.	107,460	
Fuel stations and appurtenances	72,440	
Water stations and appurtenances	372,026	
Shop buildings and enginehouses	593,608	
Shop machinery and tools	29,588	
Wharves and docks	22,035	
Yard and enginehouse facilities for the Union Railway at Memphis, Tenn.	175,000	
Total	2,958,507	2,958,500
Total loan		8,871,750

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 32 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$8,871,760 by the United States to the Missouri Pacific Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding it in meeting maturing indebtedness consisting of the Missouri Pacific Railway Company consolidated first mortgage 6 per cent bonds, maturing November 1, 1920, and in providing itself with equipment and in making additions and betterments to promote the movement of freight-train cars, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$8,871,760.

4. That the time from the making thereof, within which the loan is to be repaid in full, shall expire on July 1, 1929.

5. That the terms and conditions of the loan, which shall be made in two parts, and the security shall be as follows:

(a) One part of the loan shall be for \$4,362,000, and shall mature November 1, 1921, and shall be collaterally secured by the pledge of \$5,816,000, principal amount of applicant's first and refunding mortgage 6 per cent gold bonds, series D, maturing February 1, 1949. These bonds are in temporary form, without coupons, exchangeable for engraved bonds, and are numbered and are of the denominations and principal amounts as follows:

Number.	Denomination.	Principal amount.
T C 37 to 94, inclusive—58 bonds, at.....	\$100,000	\$5,800,000
T X 1—one bond, at.....	10,000	10,000
T V 1—one bond, at.....	5,000	5,000
T M 1—one bond, at.....	1,000	1,000
Total.....		5,816,000

(b) The other part of the loan shall be for \$4,509,760, and shall mature July 1, 1929, and shall be collaterally secured by the pledge of \$6,013,000, principal amount of applicant's first and refunding mortgage 6 per cent gold bonds, series D, maturing February 1, 1949. These bonds are in temporary form, without coupons, exchangeable for engraved bonds, and are numbered and are of the denominations and principal amounts as follows;

Number.	Denomination.	Principal amount.
T C 95 to T C 154, inclusive—60 bonds, at-----	\$100, 000	\$6, 000, 000
T X 2—one bond, at-----	10, 000	10, 000
T M 2 to T M 4, inclusive—three bonds, at-----	1, 000	3, 000
Total-----		6, 013, 000

(c) The security to be pledged under subparagraphs (a) and (b) of paragraph 5 hereof has been issued under an indenture of mortgage or deed of trust, dated April 2, 1917, executed by the applicant to the Guaranty Trust Company of New York and Benjamin F. Edwards, as trustees.

(d) Applicant may repay any or all parts of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 30th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission, on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before November 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly

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to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself from other sources with the funds necessary for the aforesaid purpose.

Done in Washington, D. C., this 11th day of October, 1920.

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FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE WHEEL-
ING & LAKE ERIE RAILWAY COMPANY FOR A LOAN
FROM THE UNITED STATES TO MEET MATURING IN-
DEBTEDNESS AND FOR OTHER PURPOSES.

Approved by the Commission, Division 4, October 12, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
*Amended Certificate No. 24 for a Loan under Section 210 of the
Transportation Act, 1920, as Amended.*

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,460,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, for the purpose of enabling it to make additions and betterments to roadway and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,460,000.

4. That the time from the making thereof, within which the loan is to be repaid in full is 10 years from the date of the making of the last installment of the loan.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in installments as follows:

First installment.....	\$400,000
Second installment.....	400,000
Third installment.....	400,000
Fourth installment.....	260,000
Total.....	1,460,000

(b) The first installment of the loan shall be repaid five years from the date thereof. The second installment of the loan shall be repaid seven years from the date thereof. The third installment of the loan shall be repaid nine years from the date thereof. The fourth installment of the loan shall be repaid 10 years from the date thereof.

(c) The entire loan shall be collaterally secured as follows: (1) Upon the making of the first installment, \$400,000 by the pledge

of applicant's refunding-mortgage 5 per cent bonds, series B, in the principal amount of \$800,000. Said bonds are in temporary form, without coupons, exchangeable for engraved bonds, and are numbered and are of the denominations and principal amounts as follows:

T-198 to T-199, inclusive, two bonds at-----	\$50,000	\$100,000
T-213 to T-219, inclusive, seven bonds at-----	50,000	350,000
T-271 to T-277, inclusive, seven bonds at-----	50,000	350,000
Total -----		800,000

Said bonds were issued under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916. (2) Upon the making of the second installment, \$400,000, by the further pledge of applicant's refunding-mortgage 5 per cent bonds, series B, in the principal amount of \$400,000; and by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, in the principal amount of \$400,000. Said bonds, series B, are in temporary form, without coupons, exchangeable for engraved bonds, and are numbered and are of the denominations and principal amounts as follows: Nos. T-261 to T-268, inclusive, eight bonds at \$50,000, principal amount \$400,000. Said bonds, series B, were issued, and said bonds, series C, will be issued, under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916. (3) Upon the making of the third installment, \$400,000, by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, in the principal amount of \$400,000. Said bonds will be issued under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916. (4) Upon the making of the fourth installment, \$260,000, by the further pledge of applicant's refunding-mortgage 6 per cent bonds, series C, in the principal amount of \$400,000. Said bonds will be issued under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916. Upon the making of the said fourth installment there shall also be deposited a surety bond in the sum of \$260,000 (said surety bond to be approved by the Commission), guaranteeing the subsequent pledge, as further security, of applicant's refunding-mortgage 6 per cent bonds, series C, in the principal amount of \$260,000. Said bonds will be issued under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916. (5) The collateral security pledged in respect of each installment of the loan shall be applicable to secure the repayment of the entire loan.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 25th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost, discounts, attorneys' fees, and any and all other expenses in connection therewith. (2) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made. (3) The applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before November 1, 1921. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources. Certificate No. 24, of September 29, 1920, will be canceled.

Done in Washington, D. C., this 12th day of October, 1920

FINANCE DOCKET No. 1038.

IN THE MATTER OF THE APPLICATION OF THE WHEELING LAKE ERIE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND FOR OTHER PURPOSES.

Approved by the Commission, Division 4, October 12, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amended Certificate No. 25 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, for the purpose of enabling it to meet in part its maturing indebtedness consisting of short-term obligations maturing in the month of December, 1920, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time from the making thereof, within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be for \$1,000,000 and shall be collaterally secured by the pledge of Wheeling & Lake Erie Railway Company refunding-mortgage 5 per cent bonds in the principal amount of \$1,800,000 due September 1, 1966. These bonds are in temporary form, without coupons, exchangeable for engraved bonds and are numbered and are of the denominations and principal amounts as follows:

T-278 to T-280, inclusive, 3 bonds at-----	\$50,000	\$150,000
T-159 to T-163, inclusive, 5 bonds at-----	50,000	250,000
T-168 to T-175, inclusive, 8 bonds at-----	50,000	400,000
T-6 to T-36, inclusive, 31 bonds at-----	20,000	620,000
T-105 to T-123, inclusive, 19 bonds at-----	20,000	380,000
Total-----		1,800,000

Said bonds were issued under applicant's refunding mortgage to the Central Trust Company of New York, trustee, dated September 1, 1916.

(b) The loan shall be repaid five years from the date thereof. The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required. The securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 25th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost, discounts, attorneys' fees, and any and all other expenses in connection therewith. In the event that the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Certificate No. 25, September 29, 1920, will be canceled.

Done in Washington, D. C., this 12th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 76.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE KANSAS CITY, MEXICO & ORIENT RAILROAD COMPANY, FOR AUTHORITY TO ISSUE RECEIVER'S CERTIFICATE AS COLLATERAL SECURITY.

Submitted September 28, 1920. Decided October 14, 1920.

Authority granted to issue a receiver's certificate for \$2,500,000, to be dated December 1, 1920, and to mature December 1, 1921, with interest at the rate of 6 per cent per annum; and to pledge said certificate with the Secretary of the Treasury as security for a loan of \$2,500,000 from the United States under section 210 of the transportation act, 1920, as amended.

Clifford Histed for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, acting as a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue a receiver's certificate for \$2,500,000 and to pledge the same with the Secretary of the Treasury as security for a loan of a like amount from the United States, under the provisions of section 210 of the transportation act, 1920, as amended. Heretofore by appropriate order, entered November 9, 1917, in an action brought by The Trustees Corporation, Limited, et al., against said railroad company, the district court of the United States for the district of Kansas, first division, duly appointed the applicant receiver of that railroad. Since that date the applicant has been, and is now, operating the railroad.

The certificate proposed to be issued is to be dated December 1, 1920, and will mature December 1, 1921. It will bear interest at the rate of 6 per cent per annum, payable semiannually, on June 1 and December 1. It is to be issued under and pursuant to an order of the United States district court for the district of Kansas, first division, dated September 23, 1920, duly authorizing such issue. There are now issued and outstanding authorized receiver's certificates in the aggregate principal sum of \$2,500,000. These certificates will mature December 1, 1920. We have granted this applicant a loan in the sum of \$2,500,000 under the provisions of section

210 of the transportation act, 1920, as amended, for the purpose of retiring the receiver's certificates maturing December 1, 1920. As security for this loan the receiver desires authority to pledge with the Secretary of the Treasury the certificate proposed to be issued.

The application was made under oath, signed, and filed by said William T. Kemper, receiver. As required by section 20a, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the issue by this Commission of an order granting the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed issue and pledge of said receiver's certificate (a) are for a lawful object within the duly authorized purposes of the applicant and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair his ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had and the Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

It is ordered, That William T. Kemper, receiver of the Kansas City, Mexico & Orient Railroad Company, be, and he is hereby, authorized (1) to issue a receiver's certificate in the principal amount of \$2,500,000 in pursuance of and in accordance with an order and decree of court dated September 23, 1920, in *The Trustee's Corporation, Limited, and Columbia Trust Company v. The Kansas City, Mexico & Orient Railroad Company, et al.*, consolidated No. 239-N, pending in the district court of the United States for the district of Kansas, first division, said receiver's certificate to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and of December, and the principal thereof to be payable on December 1, 1921; said receiver's certificate to be in the form submitted with the application; and (2) to pledge said receiver's certificate with the Secretary of the Treasury as security for a loan of \$2,500,000 from the United States to said receiver, under section 210 of the transportation act, 1920, as amended.

65 I. C. C.

It is further ordered, That said receiver's certificate shall be used solely for the purpose set forth in said application and shall not be used, sold, pledged, or repledged, or otherwise disposed of, for any other purpose, except as may be authorized by future order of this Commission.

It is further ordered, That said applicant shall report to this Commission, within 10 days thereafter, (1) the issue of said receiver's certificate, (2) the pledge of said receiver's certificate, and (3) the payment or redemption of said receiver's certificate.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receiver's certificate, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 77.

IN THE MATTER OF THE APPLICATION OF THE UNION
TERMINAL COMPANY FOR AUTHORITY TO ENTER
INTO EXTENSION AGREEMENTS WITH HOLDERS OF
UNSECURED NOTES.

Submitted October 4, 1920. Decided October 15, 1920.

Authority granted for execution of contracts by applicant, extending maturity dates of \$550,000.01 of its certain 5 per cent unsecured notes from October 10, 1920, to October 10, 1921, with interest at the rate of 6 per cent per annum.

John C. Robertson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Union Terminal Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to enter into contracts with the respective holders of \$550,000.01 of its certain two-year 5 per cent unsecured notes, for extension of their dates of maturity from October 10, 1920, to October 10, 1921, and increase of the interest rate from 5 per cent to 6 per cent. These notes were originally dated October 10, 1917, and have been heretofore extended to become payable on October 10, 1920.

The applicant is a terminal corporation furnishing union-depot and other passenger facilities to certain railroads entering Dallas, Tex., pursuant to an operating agreement dated April 1, 1912, a copy of which has been filed in this proceeding. Joint control over the applicant is exercised by a group of these roads by virtue of ownership of approximately 97 per cent of its capital stock. Of the \$550,000.01 of notes sought to be extended, \$471,428.58 are in the possession of roads enjoying this proprietary control (or of an affiliated company, as in the case of the Atchison, Topeka & Santa Fe Railway Company, of which the Gulf, Colorado & Santa Fe Railway Company is a subsidiary). The remaining two notes, aggregating \$78,571.43, are held by the City National Bank of Dallas, Tex. The holders of the notes have agreed to the proposed extension for the period of one year, in consideration of which the interest rate is to

65 I. C. C.

be increased from 5 per cent to 6 per cent per annum. No commissions or other charges of any kind are to be incurred.

The applicant submits that it is without means to pay the notes which fall due on October 10, 1920, and desires to make this short-term extension in order to assure its credit while endeavoring to perfect arrangements for permanent financing.

Investigation reveals that the outstanding securities of the applicant consist of capital stock aggregating \$48,000 and first-mortgage bonds aggregating \$5,000,000.

It appears that the application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose; that notice of the filing of the application, as required by section 20a, has been given to, and a copy thereof filed with, the governor of the state of Texas, the only state in which the applicant operates, and that no objection to the granting of the application has been made.

Upon consideration of the record, we find that the execution of the proposed contracts by the Union Terminal Company for the extension of its said two-year 5 per cent unsecured notes to mature October 10, 1921, with interest payable at the rate of 6 per cent per annum (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

We further find that the obligations to be created by the execution of said extension contracts, together with all other outstanding notes of the applicant of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of the application.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Union Terminal Company be, and it is hereby, authorized to enter into contracts with the respective holders of said two-year 5 per cent unsecured notes, dated October 10, 1917, (the aggregate amount of which is \$550,000.01, and the maturity dates of which have heretofore been extended to October 10, 1920).

65 I. C. C.

for the purpose of extending the maturity dates thereof from October 10, 1920, to October 10, 1921, as follows:

Present holders.	Amounts.
J. L. Lancaster and C. L. Wallace, receivers of the Texas & Pacific Railway Company	\$78,571.48
Houston & Texas Central Railroad Company.....	78,571.48
Atchison, Topeka & Santa Fe Railway Company.....	78,571.48
St. Louis, San Francisco & Texas Railway Company.....	78,571.48
Chicago, Rock Island & Pacific Railway Company.....	78,571.48
St. Louis Southwestern Railway Company of Texas.....	78,571.48
City National Bank of Dallas, Tex.....	89,285.71
City National Bank of Dallas, Tex.....	89,285.72

These notes, for the extended period as herein authorized, are to bear interest at the rate of 6 per cent per annum, to be payable semi-annually, and to be redeemable as provided in said proposed extension contracts, which contracts shall be substantially in the forms indicated by the application.

It is further ordered, That within 10 days after the execution and delivery of said extension contracts, a true copy of each shall be filed with this Commission.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, or as to said extension contracts, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 66.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES AND TO ISSUE AND PLEDGE EQUIPMENT-TRUST NOTES.

Submitted October 11, 1920. Decided October 16, 1920.

Authority granted (1) to issue \$2,000,000 of 7 per cent promissory notes, the proceeds thereof to be used to reimburse applicant's treasury for moneys advanced to obtain equipment under proposed equipment-trust agreement, and (2) to issue and pledge \$3,500,000 of equipment-trust notes, \$2,800,000 thereof to be class-A notes bearing interest at 7 per cent per annum, and \$700,000 to be class-B notes bearing interest at 6 per cent per annum; \$2,000,000 of said class-A notes to be pledged as security for the \$2,000,000 of 7 per cent notes, and the remainder of the class-A notes and all the class-B notes to be pledged as security for a loan of \$1,500,000 from the United States.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to issue (1) six months' renewable 7 per cent promissory notes aggregating \$2,000,000, to be negotiated at par with certain named banks, for the purpose of reimbursing applicant's treasury for moneys advanced and to be advanced in the procurement of certain equipment; (2) \$2,800,000 of class-A equipment-trust notes, bearing interest at 7 per cent per annum, and \$700,000 of class-B equipment-trust notes, bearing interest at 6 per cent per annum; and (3) promissory demand note or notes aggregating \$8,130,000, the proceeds thereof to be used for the completion of terminal facilities, classification yards, and other permanent improvements.

The applicant proposes to execute an equipment-trust agreement EE with the New England Car Company and the Old Colony Trust Company, a tentative copy of which is submitted with the application, and to issue thereunder equipment-trust notes aggregating \$3,500,000, divided into two classes, known as class A and class B; the former amounting to \$2,800,000, and entitled to a first lien on

the equipment covered by the said agreement, the latter amounting to \$700,000, and entitled to a second lien upon the said equipment. Class-A notes are to bear interest at the rate of 7 per cent per annum and are to mature serially at semiannual periods covering a period of 15 years from the date of the execution of the said agreement. Class-B notes are to bear interest at the rate of 6 per cent per annum and are to mature serially at annual periods covering a period of seven years from the date of execution of the said agreement.

The applicant submits that it is unable at the present time to sell the equipment-trust notes at an advantageous price. For the purpose of raising needed funds to reimburse its treasury for moneys advanced, and to be advanced, to obtain the equipment described below, the applicant desires authority to issue, and to negotiate with certain banks and trust companies, promissory notes in the aggregate principal amount of \$2,000,000, which are to bear interest at the rate of 7 per cent per annum and to be payable six months after date, with the privilege of renewal from time to time for like periods not exceeding three years in the aggregate, and to pledge with the banks and trust companies making the loans class-A equipment-trust notes in the aggregate principal amount of \$2,000,000, as collateral security for the promissory notes.

The applicant desires authority to pledge the remaining \$800,000 of class-A equipment-trust notes, and all of the \$700,000 of class-B equipment-trust notes, with the Secretary of the Treasury as security in part for a loan in the sum of \$1,500,000, under section 210 of the transportation act, 1920, as amended, should the same be granted upon separate applications therefor.

The proceeds of the loans from the banks and trust companies are to be used toward the procurement of the following described equipment:

- 25 27-inch by 30-inch (482) United States standardized design superheater light mountain locomotives at a price of \$66,577 each.
- 5 27-inch by 30-inch (482) United States standardized design superheater light mountain locomotives, equipped with feed-water heaters, at a price of \$66,912 each.
- 10 25-inch by 28-inch (080) United States standardized design 8-wheel switching locomotives at a price of \$49,566 each.
- 8 multiple-unit motor cars for passenger service at an estimated price of \$73,000 each.
- 14 multiple-unit cars for passenger service at an estimated price of \$33,000 each.

It appears that the applicant has made advances to the car company named in equipment-trust agreement EE, to enable it to obtain the equipment. It is stated on behalf of the applicant that

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it will be necessary to make further advances. Upon the execution of the equipment-trust notes by the applicant they are to be delivered to the Old Colony Trust Company, and after authentication by that trust company, delivered to the car company in payment for the equipment, as provided in the agreement. The latter is to return them to the applicant in liquidation and satisfaction of the advances. Upon the receipt of the notes from the car company, the applicant desires to pledge them as above set forth.

The applicant states that no arrangements have as yet been made for the issue of the demand promissory note or notes in the amount of \$8,130,000. Action upon the request for authority to issue such note or notes is therefore deferred.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed issue of \$2,000,000 of 7 per cent promissory notes, and the proposed issue and pledge of \$3,500,000 of equipment-trust notes, by the New York, New Haven & Hartford Railroad Company (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized to issue its promissory notes in the aggregate principal amount of \$2,000,000, payable in six months, with the privilege of renewal for like periods during an aggregate period of three years; said notes to bear interest at the rate of 7 per cent per annum, and to be substantially in the form submitted with the application; said notes for the

amounts specified below to be negotiated with the following named banks: First National Bank, Boston, \$450,000; National Shawmut Bank, Boston, \$450,000; Old Colony Trust Company, Boston, \$450,000; American Trust Company, Boston, \$250,000; Merchants National Bank, Boston, \$400,000, and to be secured, dollar for dollar, by pledges of class-A equipment-trust notes in the aggregate face amount of \$2,000,000, the issue and pledge of which are hereinafter authorized; said promissory notes, or the proceeds thereof, to be used solely for the purpose of reimbursing the treasury of the applicant, in part, for advances made, and to be made, by it to the New England Car Company with which to obtain the equipment described in the application, in accordance with the aforesaid proposed equipment-trust agreement EE.

It is further ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized to issue \$3,500,000 of equipment-trust notes to be issued under and pursuant to, and to be secured by, the aforesaid proposed equipment-trust agreement EE; \$2,800,000 of said equipment-trust notes to be designated as class-A notes and to be in the denomination of \$1,000 each, to bear interest (evidenced by coupons attached thereto) at the rate of 7 per cent per annum, payable semiannually on the 1st day of April and the 1st day of October, in each year, to mature serially in the years 1921 to 1935, inclusive, on the dates and in the amounts set forth in said agreement, to be substantially in the form set forth in the agreement, to be registered and subject to a redemption as provided in the agreement, and to be entitled to a first lien upon the equipment described in the application; and \$700,000 of said equipment-trust notes to be designated as class-B notes, to be in the denomination of \$100,000 each, to bear interest (evidenced by coupons attached thereto) at the rate of 6 per cent per annum, payable semiannually, to mature serially on the 1st day of October in each of the years 1921 to 1927, inclusive, to be substantially in the form set forth in said agreement, and to be entitled to a second lien upon the aforesaid equipment; all of said class-A and class-B equipment-trust notes to be delivered to the Old Colony Trust Company, and by it authenticated and delivered to or on the order of the New England Car Company in payment for the equipment transferred to said trust company as provided in said agreement; said equipment-trust notes then to be delivered by the car company to the applicant in liquidation of and satisfaction for the moneys advanced with which the equipment was obtained by the car company, said equipment-trust notes thereby becoming available for pledge by the applicant as hereinafter authorized.

It is further ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized, upon receiving

the equipment-trust notes as aforesaid, (1) to pledge \$2,000,000 of said class-A equipment-trust notes as collateral security with the aforementioned banks and trust companies as hereinbefore specified; these equipment-trust notes not to be otherwise pledged, sold, repledged, or otherwise disposed of by the applicant except as ordered by this Commission; and (2) to pledge the remaining \$800,000 of class-A equipment-trust notes, and all of the \$700,000 of class-B equipment-trust notes, with the Secretary of the Treasury as security in part for a loan of \$1,500,000, under section 210 of the transportation act, 1920, as amended, should the same be granted upon separate applications therefor; these equipment-trust notes not to be otherwise pledged, sold, repledged, or disposed of by the applicant except as ordered by this Commission.

It is further ordered, That the applicant shall, for the period ending December 31, 1920, and for each six months' period thereafter ending June 30 and December 31 in each year, report to this Commission within 30 days after the close of said periods, all pertinent facts relating to the issue and disposition and pledge of notes as herein authorized, the application of the proceeds thereof, the payment or satisfaction of said notes, and the release from pledge of such notes as are herein authorized to be pledged; each report to be signed by an executive officer of the applicant having knowledge of the facts and verified by his oath, and to be made periodically as herein required until all of said notes shall have been issued and disposed of and until all of said notes shall have been paid or otherwise satisfied and until all pledged notes shall have been released from such pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 933.

APPLICATION OF THE CENTRAL NEW ENGLAND RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted October 7, 1920. Decided October 19, 1920.

Application granted and a loan of \$300,000 approved.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Central New England Railway Company, a carrier by rail-road subject to the interstate commerce act, hereinafter referred to as the applicant, on May 20, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to provide itself with additions and betterments to way and structures, and on July 23, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$300,000.

2. That the term for which the loan is desired is 15 years.

3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in providing itself with additions and betterments to way and structures, as follows:

Additional main tracks.....	\$3,808
Additional yard tracks and sidings.....	255,470
Shops.....	228,010
Stations and station facilities.....	4,114
Miscellaneous.....	9,108
Total	500,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 4 per cent 50-year gold bonds.

6. That the extent to which the public convenience and necessity will be served by the loan is the more prompt movement of cars which will become possible with the added capacity.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, owner-

65 I. C. C.

ship, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan of \$300,000 to the applicant.

After investigation, the Commission finds that the making of a loan by the United States of \$300,000 to the Central New England Railway Company, to be used in the manner herein below set forth

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Additions and betterments:			
Additional main tracks.....	\$3,303		
Additional yard tracks and sidings.....	255,470		
Shops.....	228,010		
Stations and station facilities.....	4,114		
Miscellaneous.....	9,108		
Total.....	\$300,000	\$300,000	\$300,000

is necessary to enable the applicant properly to meet the transportation needs of the public.

The Commission further finds that the earning power of the applicant, together with the character and value of the security offered, affords reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States, and that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 35 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$300,000 by the United States to the Central New England Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant to provide itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$300,000.

4. That the time from the making thereof, within which the loan is to be repaid, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in five equal annual installments of \$60,000 each, maturing, consecutively, 11 to 15 years from the date of the loan, and shall be collaterally secured by the pledge of the Central New England Railway Company's first-mortgage 4 per cent 50-year gold bonds, due 1961, in the par value of \$750,000. Said bonds are of the denomination of \$1,000, and numbered 13428 to 14177, inclusive, a total of 750 bonds. These bonds were issued under an indenture of mortgage of the Central New England Railway Company to the Farmers' Loan & Trust Company, trustee, dated January 1, 1911.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 20th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the

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character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 19th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 942.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted October 14, 1920. Decided October 19, 1920.

Application granted in part and a loan of \$200,000 approved.

H. R. Kurrie for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Indianapolis & Louisville Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to provide itself with equipment and additions and betterments to way and structures, and on July 22 and September 8, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$500,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment and in building a new steel-car shop, as follows:

New equipment:

To purchase 300 gondola cars.....	\$945, 000
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Additions and betterments to way and structures:

To erect a modern steel-car shop.....	200, 000
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Total.....	1, 145, 000
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4. Its present and prospective ability to repay the loan and to meet the requirements of its obligations in regard thereto.

5. That the security offered is (a) as to the loan for equipment, equipment-trust bonds in an amount equal to the amount of loan, and in addition thereto pledge of applicant's first and general mortgage 5 per cent gold bonds, due May 1, 1966, in such amount as may be required, and (b) as to the loan for additions and betterments,

pledge of \$300,000 of applicant's first and general mortgage 5 per cent gold bonds, due May 1, 1966.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide itself with the necessary equipment and adequate shop facilities to serve the public, especially in the transportation of coal and manufactured articles.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant in the total amount of \$500,000; apportioned \$200,000 for additions and betterments and \$300,000 for the purchase of freight cars.

The applicant, by letter of its president, dated October 12, 1920, requested deferred consideration of that portion of its application in respect of equipment. The Commission is of the opinion that deferred consideration should be given to the matter of a loan for equipment, and so finds.

After investigation the Commission finds that the making of the whole of the proposed loan by the United States in the amount of \$200,000 for the purpose of constructing a modern steel-car repair shop at La Fayette, Ind., is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purpose.

An appropriate certificate will be issued.

Certificate No. 38 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$200,000 by the United States to the Chicago, Indianapolis & Louisville Railway Company, herein-
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after referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$200,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. The the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by pledging \$300,000, principal amount, of applicant's first and general mortgage 5-per cent 50-year series-A gold bonds, due May 1, 1966, issued under an indenture of mortgage, dated May 1, 1916, executed by the applicant to the Guaranty Trust Company of New York, and William L. Taylor, trustees, the same being 300 bonds in denomination of \$1,000 and numbered 4531 to 4630, inclusive, and 5462 to 5561, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 28th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equip-

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ment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 19th day of October, 1920.

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after referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$200,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. The the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by pledging \$300,000, principal amount, of applicant's first and general mortgage 5-per cent 50-year series-A gold bonds, due May 1, 1966, issued under an indenture of mortgage, dated May 1, 1916, executed by the applicant to the Guaranty Trust Company of New York, and William L. Taylor, trustees, the same being 300 bonds in denomination of \$1,000 and numbered 4581 to 4630, inclusive, and 5462 to 5661, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 28th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equip-

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ment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 19th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 984.

IN THE MATTER OF THE APPLICATION OF THE MAXTON, ALMA & SOUTHBOUND RAILROAD COMPANY FOR A LOAN.

Submitted August 31, 1920. Decided, October 19, 1920.

Public necessity of applicant's line, prospective earning power, and security offered, held not to justify the loan requested. Application denied.

A. J. McKinnon for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Maxton, Alma & Southbound Railroad Company, a carrier subject to the interstate commerce act, hereinafter referred to as the applicant, on August 31, 1920, made application to the Interstate Commerce Commission for a loan, in accordance with section 210 of the transportation act, 1920, as amended, to meet its maturing indebtedness.

In the application, the applicant sets forth:

1. That the amount of the loan desired is \$63,546.40.
2. That the purposes of the loan and the uses to which it will be applied are as follows: To enable the applicant to exercise an option, expiring November 1, 1920, for purchase of leased rail from the Seaboard Air Line Railway, \$33,296.40; to enable the applicant to meet short-term notes aggregating \$30,250.00; total, \$63,546.40.
3. That the security offered is the applicant's note, with an agreement to pledge bonds, when bonds shall have been issued, for the amount of the loan.

The applicant operates 15.5 miles of main-line railroad extending from Rowland to Alma, N. C., at which latter point connection is made with the Seaboard Air Line Railway. The applicant's line forms one side of a triangle, of which the Seaboard Air Line, between Alma and Pembroke, and the Atlantic Coast Line, between Pembroke and Rowland, make the other two sides. Apparently no part of the line is more than about 6 or 7 miles from stations on the main-line railroads.

From 1916 to 1919, inclusive, the deficit in net income of the applicant was \$12,043. From January to July, 1920, inclusive, the deficit in net income was \$5,482.

In determining the value of the security offered, the prospective earning power of the applicant is the controlling factor. The prospective earning power of the applicant being doubtful, the security offered is inadequate.

We find that the public necessity for the applicant's line of railroad is relatively small. We find further that the prospective earning power of the applicant and the character and value of the security offered are not such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

An appropriate order will be entered denying the application.

ORDER.

Full investigation of the matters and things involved in said application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

65 I. C. C.

FINANCE DOCKET No. 70.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR AUTHORITY TO
ISSUE AND PLEDGE FIRST AND REFUNDING MORT-
GAGE BONDS.

Submitted September 27, 1920. Decided October 21, 1920.

Authority granted (1) to issue \$3,619,000 of first and refunding mortgage 6 per cent gold bonds, series D, to be dated December 1, 1915, and to mature December 1, 1935; (2) to pledge \$2,067,000 of said bonds with the Secretary of the Treasury as security for loans from the United States; (3) to pledge \$1,152,000 of said bonds as security for a loan for the financing in part of certain acquisitions of equipment, additions, and betterments; and (4) to pledge \$400,000 of said bonds as security for a loan to redeem certain bonds of the Knox & Lincoln Railway, maturing on February 1, 1921.

H. M. Verrill for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Maine Central Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority to issue \$4,000,000 of first and refunding mortgage 6 per cent gold bonds, series D, herein called the series-D bonds, and to pledge them as security for loans from the United States, and for certain other proposed loans, in amounts as follows: (1) \$1,300,000 to secure a loan from the United States in the sum of \$1,000,000, under section 210 of the transportation act, 1920, as amended, to reimburse the applicant in part for moneys expended from its treasury for redemption of \$1,300,000 of Penobscot Shore Line Railroad Company mortgage 4 per cent bonds; (2) \$817,000 to secure a loan from the United States of \$653,000, under section 210 of the transportation act, 1920, as amended, to assist the applicant in acquiring new equipment and providing additions and betterments to existing equipment and to way and structures; (3) \$1,152,000 to secure a proposed loan to enable the applicant itself to finance the remainder of the amount necessary for the purposes indicated under (2); (4) \$400,000 to secure a loan to redeem \$400,000 of Knox & Lincoln Railway mortgage 5 per cent bonds, which mature February 1, 1921; and (5) \$331,000 to secure a proposed loan for financing further equipment or additions and betterments.

The first and refunding mortgage, dated December 1, 1915, made by the applicant to the Union Safe Deposit & Trust Company provides for the issue of bonds in the aggregate amount of \$25,000,000, of which \$16,000,000 are now outstanding. Under section 3 of article II, \$1,300,000 of these bonds are to be issued for the purpose of retiring a like amount of 4 per cent bonds of the Penobscot Shore Line Railroad Company, and \$400,000 for the purpose of retiring a like amount of 5 per cent bonds of the Knox & Lincoln Railway; and under section 4 of article II, bonds may be issued for the purpose of acquiring property, making improvements, refunding the applicant's obligations, etc.

The Penobscot Shore Line Railroad Company bonds matured on August 1, 1920, and have been purchased by the applicant with moneys drawn from its working fund, with the exception of \$3,000, not yet presented. It is proposed to pledge \$1,250,000 of the series-D bonds, for which authority is asked, with the Secretary of the Treasury as security for a loan of \$1,000,000 from the United States under section 210 of the transportation act, 1920, as amended, to be used to reimburse the working fund of the applicant's treasury, in part, for moneys drawn therefrom to purchase these bonds at maturity, as specified in our certificate No. 30, the original intention to pledge \$1,300,000 of the bonds as security for this loan having been thus modified.

It is likewise proposed to pledge \$817,000 of the series-D bonds, for which authority is asked, with the Secretary of the Treasury, as security for a loan of \$653,000, from the United States, under section 210 of the transportation act, 1920, as amended, to be used in providing the applicant with new equipment and additions and betterments to existing equipment and to way and structures, as specified in our certificate No. 29.

Additional funds will be required for the financing of the objects to which the second-mentioned loan is to be applied, and for this purpose the applicant proposes to negotiate a loan from other sources and to pledge as security therefor \$1,152,000 of the series-D bonds, for which authority is asked. This proposed loan is to be so financed that the cost to the applicant shall not exceed 7 per cent per annum, including discount, attorney's fees, and any and all other expenses in connection therewith.

The applicant also proposes to negotiate a loan in the sum of \$400,000, for the purpose of redeeming the Knox & Lincoln Railway bonds which mature February 1, 1921, and to pledge as security therefor \$400,000 of the series-D bonds, for which authority is asked.

It appears that the specific purpose in connection with additions and betterments to the applicant's property for which it is proposed

to negotiate a further loan, and pledge as security therefor \$331,000 of the series-D bonds, has not yet been determined. Action thereon will therefore be deferred.

The application was made in such form and contained such matters as the Commission prescribed. It is under oath and was signed and filed by an executive officer of the applicant duly designated for that purpose. As required by section 20a, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been made.

Upon consideration of the record, we find that the proposed issue by the applicant of \$3,619,000 of first and refunding mortgage 6 per cent gold bonds, series D, the pledge of \$2,067,000 thereof with the Secretary of the Treasury, and the pledge of \$1,552,000 thereof to secure loans from other sources as above indicated (*a*) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Maine Central Railroad Company be, and it is hereby, authorized (1) to issue as of the date of December 1, 1915, \$3,619,000 of first and refunding mortgage gold bonds, series D, the same to be issued under and pursuant to, and to be secured by, the first and refunding mortgage, dated December 1, 1915, made by the applicant to the Union Safe Deposit & Trust Company, a copy of which is filed with the application; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of June and of December, in each year, the first installment of interest to be paid December 1, 1920, and the principal thereof to be payable on the 1st day of December, 1935; said bonds to be subject to redemption and to be registrable, as provided in said first and refunding mortgage; said bonds to be issued in the forms submitted with the application; (2) to pledge \$2,067,000 of said bonds with the Secretary of the Treasury as security for loans from the United States

under section 210 of the transportation act, 1920, as amended, as follows: \$817,000 as security for a loan in the sum of \$653,000, to enable applicant to procure additional new equipment and to make improvements to the equipment and road of the applicant, as specified in this Commission's certificate No. 29; and \$1,250,000 as security for a loan of \$1,000,000, to reimburse the working fund of the applicant's treasury, in part, for moneys drawn therefrom to pay certain 4 per cent bonds of the Penobscot Shore Line Railroad Company which matured August 1, 1920, as specified in this Commission's certificate No. 30; (3) to pledge \$1,152,000 of said bonds as security for a loan to be negotiated by the applicant for the purpose of providing the remainder of funds necessary to procure additional new equipment and to make improvements to the equipment and road of the applicant as aforesaid, the amount of such loan to be so financed that the cost thereof to the applicant shall not exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith, as specified in certificate No. 29 of this Commission; and (4) to pledge \$400,000 of said bonds as security for a loan to be negotiated by the applicant for the purpose of redeeming \$400,000 of Knox & Lincoln Railway mortgage 5 per cent bonds, which mature February 1, 1921, and which are obligations of the applicant; said bonds to be used solely as such security until otherwise ordered by this Commission.

It is further ordered, That said first and refunding mortgage 6 per cent gold bonds, herein authorized to be issued, shall not be sold, disposed of, pledged, repledged, or otherwise used for any purpose or in any manner other than as authorized in this order.

It is further ordered, That said applicant shall make report to this Commission of the issue and pledge of bonds as herein authorized, within 10 days after the same shall have been so issued and pledged; and that said applicant shall also make report of the release of said bonds from such pledges within 10 days after each or any of the same shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first and refunding mortgage 6 per cent gold bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 37.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RAILWAY COMPANY FOR AUTHORITY TO SELL OR PLEDGE EQUIPMENT-TRUST CERTIFICATES, AND TO ASSUME PAYMENT OF, AND TO SELL OR PLEDGE PROPOSED EQUIPMENT-TRUST CERTIFICATES.

Submitted September 24, 1920. Decided October 22, 1920.

Authority granted: (1) To sell at par \$770,000 of series-A, 1917, equipment-trust certificates, bearing interest at the rate of 7 per cent per annum, heretofore issued under the Chicago, St. Paul, Minneapolis & Omaha Railroad Company equipment-trust of 1917, but now in the treasury of the applicant; (2) to assume the obligation of paying principal and interest of \$950,000 of series-B 1920 equipment-trust certificates, to be issued by the trustee under the said equipment-trust agreement, by execution of lease of certain equipment; and (3) to sell, at 97 per cent of par, or better, said \$950,000 of series-B 1920 equipment-trust certificates.

James B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, St. Paul, Minneapolis & Omaha Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to sell at par certain equipment-trust certificates, known as series A, 1917, in the aggregate amount of \$770,000, and which are now in the treasury of the applicant, or to pledge said series-A 1917 certificates as collateral for a loan or loans, for the purpose of reimbursing the treasury of the applicant for moneys advanced to the vendors out of income in procurement of certain equipment; also to assume the obligation of paying the principal and interest of equipment-trust certificates, in the aggregate amount of \$950,000, to be known as series B, 1920, proposed to be issued by the trustees under the Chicago, St. Paul, Minneapolis & Omaha Railway equipment trust of 1917, dated February 5, 1917, and amended June 1, 1920, and to sell the series-B certificates at 97 per cent of par, or better, or to pledge them as collateral for a loan or loans for the purpose of reimbursing the treasury of the applicant for moneys to be used in procurement of 10 engines and 125 stock cars. The application was made in such form and contained such matters as the Commission prescribed.

It appears that on February 5, 1917, an agreement was entered into between John D. Caldwell, Charles Jensch, Charles P. Nash, and W. H. Thorn, called vendors, the Farmers' Loan & Trust Company and Edwin S. Marston, called trustees, and the applicant, called in said agreement "Railway Company," but called herein the applicant, under which the vendors are, from time to time, to deliver to the trustees such equipment as the applicant may request. Upon the receipt of the equipment the trustees are to issue certificates to an amount not to exceed the cost of the equipment so delivered. The aggregate amount of the certificates to be issued is not to exceed \$5,000,000. The certificates were to bear interest at the rate of 5 per cent per annum. Provision was made for the issue of certificates in series, to be designated by a serial number or letter and by its year of issue, certificates to the amount of one-tenth of each series to become due and payable at the expiration of each year succeeding the date of such series, so that each series of certificates shall be fully paid in 10 years after its issue. By a supplemental agreement dated June 1, 1920, between the same parties, it is provided that the certificates thereafter issued shall bear interest at a rate, to be determined by the board of directors of the applicant, not exceeding 7 per cent per annum, and that unmatured certificates of series A, 1917, shall from and after June 1, 1920, bear interest at the rate of 7 per cent per annum.

Equipment which cost \$1,111,072.48 in 1917 is now in the possession of the applicant as lessee of the trustee pursuant to the terms of the aforesaid equipment trust. In procuring this equipment the applicant advanced funds for that purpose to the vendors, who thereby became obligated to refund the amount of the advance to the applicant. Upon obtaining the equipment the vendors conveyed the title to the trustees, who thereupon issued certificates numbered 1 to 1100, inclusive, series A, 1917, aggregating \$1,100,000. The trustees then leased the equipment to the applicant in consideration of the agreement of the applicant to pay the principal and interest of the certificates. Upon their issue by the trustees, the certificates were turned over to the applicant on the order of the vendors.

Of said 1100 series-A 1917 certificates, Nos. 1 to 220, inclusive, have been retired, canceled, and released; Nos. 221 to 330, inclusive, it is stated, will be retired and canceled on December 1, 1920; and Nos. 331 to 1100, inclusive, the aggregate amount of which is \$770,000, are proposed to be sold at par pursuant to authority requested in the application, thereby reimbursing the treasury of the applicant to that extent for a portion of the moneys advanced in 1917 to the vendors and used by them in obtaining the equipment.

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In addition to the equipment hereinbefore referred to, the applicant desires to acquire equipment in the manner provided in the equipment trust of February 5, 1917, as follows: 6 mikado freight engines, estimated cost \$434,700; 4 switch engines, \$185,600; 125 stock cars, \$342,500; total, \$962,800.

It appears that tonnage carried by the applicant in 1919 was about 29 per cent greater than in 1913, while the number of locomotives increased by about 4 per cent; also, that while live-stock tonnage constitutes, at present, about 5 per cent of all tonnage, stock cars are used for a diversity of purposes, such as transportation of coal and products of forests, agriculture, and other sources, and that the territory served by the carrier is gradually turning, from year to year, to live-stock production, which tends appreciably to increase its annual stock-car requirements. The applicant prefers to proceed on its own credit and resources rather than to apply to the government for assistance.

The method to be employed in obtaining this equipment will be the same as that used in 1917. Certificates to be known as series B, 1920, amounting to \$950,000, will be issued. The applicant will become obligated to pay to the Farmers' Loan & Trust Company an annual sum equal to one-tenth of the principal of the proposed series-B 1920 certificates, together with the interest on the certificates at the rate of 7 per cent per annum. The series-B certificates will be dated January 1, 1920, will be for \$1,000 each, and will be numbered from 1 to 950, inclusive. The interest will be payable semiannually on January 1 and July 1 of each year.

It was represented that the series-B certificates can probably be sold for 97 per cent of par, or better. It does not appear, however, that negotiations have been had for the making of any loans to be secured by the pledge of either the series-A or series-B certificates.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates, and no objection to the issue by this Commission of an order granting the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed sale of the series-A 1917 certificates; the proposed assumption of payment of the principal and interest of the series-B 1920 certificates, to be issued in connection with the procurement of the aforesaid engines and stock cars, and the proposed sale of the series-B 1920 certificates (a) are for lawful objects within the corporate purposes of the Chicago, St. Paul, Minneapolis & Omaha Railway Company,

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and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary for such purposes.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application and full investigation of the matters and things involved therein having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company be, and it is hereby, authorized to sell, for not less than par, series-A 1917 equipment-trust certificates numbered 331 to 1100, inclusive, the aggregate face value of which is \$770,000, the proceeds of such sale to be used to reimburse the treasury of the applicant, in part, for moneys advanced in 1917 to the vendors of certain equipment procured by the applicant under a lease in pursuance of a certain trust agreement known as the Chicago, St. Paul, Minneapolis & Omaha Railway equipment trust of 1917, dated February 5, 1917.

It is further ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company be, and it is hereby, authorized (1) to assume the obligation of paying to the Farmers' Loan & Trust Company an annual sum equal to one-tenth of the principal amount of series-B 1920 certificates and the interest payable thereon from time to time at the rate of 7 per cent per annum, such payments being, with the payment of other incidental expenses, the annual rental for the use of the equipment described in the report, in accordance with the terms of a proposed lease agreement between the applicant and the Farmers' Loan & Trust Company and Edwin S. Marston, as trustees, a tentative copy of which has been filed with the application and the execution of which is provided for in the trust agreement of February 5, 1917; the rentals so paid by the applicant to be applied in payment of the principal of said series-B 1920 certificates and the interest thereon as the same shall become due and payable; and (2) to sell at 97 per cent of par, or better, series-B 1920 equipment-trust certificates numbered 1 to 950, inclusive, the aggregate face value of which is \$950,000, the proceeds of such sale to be used to reimburse the treasury of the applicant, in part, for moneys which may hereafter be advanced to the vendors of the equipment described in the application to be procured by the appli-

cant under a lease in pursuance of the aforesaid trust agreement of February 5, 1917.

It is further ordered, That if said series-A 1917 equipment-trust certificates, of the principal amount of \$770,000, shall be sold at such price as to realize net proceeds of more than \$770,000, and/or if said series-B 1920 equipment-trust certificates, of the principal amount of \$950,000, shall be sold at such price as to realize net proceeds of more than \$921,500, no portion of the net proceeds of such sale in excess of the sums specified shall be used for any purpose without the consent of the Commission.

It is further ordered, That none of the said series-A 1917 equipment-trust certificates herein authorized to be sold, nor any of said series-B 1920 equipment-trust certificates herein authorized to be issued and sold, shall be hypothecated or pledged as collateral unless any such pledge or hypothecation shall have been expressly approved and authorized by this Commission.

It is further ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company shall make report to this Commission of the sale of said series-A 1917 equipment-trust certificates, and of said series-B 1920 equipment-trust certificates, within 10 days after the same shall have been sold, stating all the facts in connection therewith and pertinent thereto, and shall, for each six months' period ending June 30 and December 31, file not more than 30 days from the end of such period a verified report showing (a) what certificates have been sold or otherwise disposed of during such period; (b) date of such sale or disposal; (c) to whom such certificates were sold; (d) what proceeds were realized from such sale; (e) any other terms and conditions of such sale; and (f) the amount of the proceeds of series-B 1920 certificates expended during such period, and stating to what account or accounts such expenditures have been charged; and continue to file such reports until all said certificates shall have been sold or disposed of and the proceeds expended in accordance with the authority contained herein, and if during any period no certificates were sold or disposed of or proceeds expended, the report shall set forth such fact.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said series-A 1917 equipment-trust certificates, or interest thereon, or as to said series-B 1920 equipment-trust certificates, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 81.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO EXECUTE ILLINOIS CENTRAL EQUIPMENT TRUST.

Submitted October 19, 1920. Decided October 22, 1920.

Authority granted: (1) To execute and deliver certain agreements and to assume obligation to pay \$8,107,000 of 15-year equipment-trust gold certificates and attached dividend warrants, to be known as Illinois Central equipment-trust certificates, series F, in the procurement of certain equipment; (2) to sell said trust certificates at not less than 97.36 per cent of their face value, and accrued interest; and (3) for the application of the proceeds of said trust certificates by said trustee toward the purchase of certain equipment specified in the application.

M. P. Blauvelt for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By Division 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to execute and deliver a certain agreement dated October 1, 1920, with Harry E. Righter and Andrew S. Hannum, as vendors, by and under the terms of which the applicant obligates itself to pay \$8,107,000 of 15-year equipment-trust gold certificates and attached warrants to be issued thereunder, the proceeds of which are to be used toward the procurement of new equipment as detailed in the application.

The agreement provides that in consideration of the sum of \$13,515,918 the vendors are to convey to the trustee the equipment and the trustee is then to execute a lease of the equipment to the applicant, which agrees thereunder to obligate itself to pay the principal of said equipment-trust certificates and interest thereon as they become due and payable. These certificates are to bear interest at the rate of 7 per cent per annum, payable semiannually on April 1 and October 1 of each year, and are to mature serially, the first in the principal sum of \$737,000 on October 1, 1925, and a like principal sum on each succeeding October 1 until all have matured. Kuhn, Loeb & Company of New York have agreed to purchase the entire issue at 97.36 per cent of par. No commission will be paid for the sale and no other expenses will be incurred.

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Of the remainder of the total cost of this equipment, \$4,440,000 will be paid from a loan for that purpose from the United States under section 210 of the transportation act, 1920, as amended, and the remainder will be paid from the applicant's current income.

The application was made in such form and contained such matters as we prescribed. It was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose by the applicant. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed assumption of obligation on and under the equipment-trust certificates aforesaid by the Illinois Central Railroad Company (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to execute and deliver a certain agreement dated October 1, 1920, with Harry E. Righter and Andrew S. Hannum, as vendors, and the Commercial Trust Company, as trustee, a copy of which has been filed with this application, and a certain agreement of lease with the Commercial Trust Company, a copy of which is also on file with this application, to be called Illinois Central equipment trust, series F, by and under the terms of which the Illinois Central Railroad Company obligates itself to pay \$8,107,000, principal amount, of 15-year equipment-trust gold certificates and attached dividend warrants to be issued thereunder by the trustee aforesaid, said certificates to be known as Illinois Central equipment-trust certificates, series F, to mature

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serially, the first series to mature October 1, 1925, and the remaining series on the 1st day of October of each year thereafter, respectively, to and including October 1, 1935, and to be signed and issued by the trustee aforesaid, bearing interest at the rate of 7 per cent per annum, payable semiannually on the 1st day of April and of October in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement.

It is further ordered, That said equipment-trust certificates of the principal amount of \$8,107,000 shall be sold at not less than 97.36 per cent of their face value, and accrued interest.

It is further ordered, That said equipment-trust certificates herein authorized of the total face value of \$8,107,000 (or the proceeds thereof), shall be applied by said trustee solely and exclusively toward payment for the equipment set forth in the aforesaid lease, as follows:

	Estimated cost.
50 freight locomotives.....	\$4,385,000
25 passenger locomotives.....	1,623,125
5 steel dining cars.....	255,025
20 suburban coaches.....	597,600
12 compartment coaches.....	438,468
18 steel baggage cars.....	461,700
200 flat cars.....	474,000
1,000 refrigerator cars.....	4,255,000
50 caboose cars.....	150,000
300 stock cars.....	876,000

It is further ordered, That if said certificates of the principal amount of \$8,107,000 shall be sold at such price as to realize net proceeds of more than \$7,892,975.20, no portion of the proceeds of such sale in excess of the last-named sum shall be used for any purpose without the further order of this Commission.

It is further ordered, That none of said certificates herein authorized shall be hypothecated or pledged as collateral unless any such pledge or hypothecation shall have been expressly approved and authorized by the Commission.

It is further ordered, That the Illinois Central Railroad Company shall, for each six months' period, ending June 30 and December 31, file not more than 30 days from the end of such period a verified report showing (a) what certificates have been sold or otherwise disposed of during such period in accordance with the authority contained herein; (b) the date of such sale or disposition; (c) to whom such certificates were sold; (d) what proceeds were realized from such sale; (e) any other terms and conditions of such sale; and (f) the amount expended in reasonable detail of the proceeds

of the certificates herein authorized for the purposes specified herein during such period, and stating to what account or accounts such expenditures have been charged; and continue to file such reports until all of said certificates shall have been sold or disposed of and the proceeds expended in accordance with the authority contained herein, and if during any period no certificates were sold or disposed of or proceeds expended the report shall set forth such fact.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment-trust certificates, or interest thereon, on the part of the United States.

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FINANCE DOCKET NO. 954.

IN THE MATTER OF THE APPLICATION OF THE ERIE
RAILROAD COMPANY FOR A LOAN FROM THE UNITED
STATES TO PROVIDE EQUIPMENT AND OTHER ADDI-
TIONS AND TO MEET MATURITIES.

Submitted October 12, 1920. Decided October 22, 1920.

Application granted in part and loan of \$1,840,700 approved.

George F. Brownell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Erie Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 26, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to provide itself with new and reconstructed equipment, to make betterments to existing equipment and additions and betterments to way and structures, and to meet maturities. On June 19, June 26, July 13, August 9, and October 12, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$30,663,309.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
New equipment:			
15 Pacific-type locomotives, for fast-freight and heavy passenger service, at \$65,500 each.....	\$982,500		
25 mikado freight locomotives, at \$71,000 each.....	2,485,000		
Total new equipment.....	3,467,500	\$1,733,750	\$1,733,750
Reconstructed equipment:			
Reconstruction of 70 caboose cars at \$3,059.28 each.....	214,150		
Reconstruction of 99 refrigerator cars, at \$1,643.47 each.....	162,703		
Repairing trucks of approximately 2,000 obsolete freight cars to be used in the construction of 1,000 50-ton steel gondola cars and 1,000 40-ton steel box cars and for certain special appliances to be used in said construction.....	4,806,500		
Total reconstructed equipment.....	5,183,353	4,839,141	344,212
To meet demands of federal, state, and other governmental authorities:			
For equipping cars with safety appliances.....	23,600		
For equipping locomotives with headlights.....	59,500		
Total betterments to existing equipment.....	82,100		82,100
Additions and betterments to way and structures.....	3,991,997		3,991,997
For maturities.....	36,269,500	11,758,250	24,511,250
Grand total.....	48,994,450	18,331,141	30,663,309

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is, (a) as to the loan for new locomotives, second lien under an equipment-trust agreement; (b) as to the loan for reconstructed equipment, applicant's refunding and improvement mortgage bonds; (c) as to the loan for betterments to existing equipment, the equipment itself or the applicant's interest therein as represented by the government's loan; (d) as to the loan for additions to roadway and structures, applicant's refunding and improvement mortgage bonds; and (e) as to the loan for maturities, matured bonds as extended, or the applicant's note collaterally secured by the said matured bonds as extended.

6. That the extent to which the public convenience and necessity will be served by the loan is, that it will enable the applicant to provide itself with additional equipment and other additions and betterments which will expedite the movement of trains, and also, in that the loan will assist the applicant in meeting its maturities and thereby restoring its credit.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the following loans to the applicant:

(a) For freight and switching locomotives.....	\$1,242,500
(b) For freight-train cars.....	250,000
(c) For additions and betterments to existing equipment.....	168,532
(d) For additions and betterments to way and structures to promote the movement of cars: this recommendation is for additional yards, yard tracks, shop machinery, tools, extension of erecting shops, second track, stock pens, and other miscellaneous items; it also includes two items which are properly classified as additions and betterments to equipment, namely, safety appliances for cars, \$22,600, and electric headlights for locomotives, \$59,500.....	1,496,897
(e) For maturing obligations.....	5,879,125
Total	9,087,054

The Commission on August 25, 1920, certified its approval of a loan of \$8,000,000 to the applicant to aid it in meeting its 1920 maturities.

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The applicant, by letter of its vice president and general counsel, dated September 23, 1920, requested that consideration of that part of its application in respect of the loan to aid it in the purchase of 35 new heavy mikado-type locomotives be deferred.

The applicant has proposed to finance about 70 per cent of the estimated cost of additions and betterments to be made. The certificate will provide that the loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for said purposes, or the entire loan shall be repaid to the United States, on or before January 1, 1922.

After informal hearings and investigation, we find that the making in part of the proposed loan by the United States to aid the applicant in making additions and betterments:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Additions and betterments to existing equipment:			
70 cabooses cars to be reconstructed.....	\$214, 150	\$160, 625	\$53, 525
99 refrigerator cars to be reconstructed.....	162, 703	122, 028	40, 675
reconstruction and repairs on 1,000 50-ton steel gondola cars and 1,000 40-ton steel box cars.....	4, 806, 500	4, 537, 000	249, 500
Equipment of cars with safety appliances.....	22, 600	.....	22, 600
Electric headlights on locomotives.....	59, 500	.....	59, 500
Total.....	5, 265, 453	4, 839, 653	425, 800
For additions and betterments to roadway and structures; second track, Akron, Ohio; air-brake testing facilities, air piping for testing trains; new main track, Warren, Ohio; improvement of tracks and yards, repair shops, Kenmore, Ohio; additional yard and engine tracks and repair tracks at various points; electric lights for car-repair shops and yards, new turntable at Susquehanna, Pa.; extending erecting shop, Susquehanna, Pa.; second-track river line, shop machinery and tools, 25-ton Gantry crane, turbo-generator and electric magnet, and stock pens.....	1, 414, 900	.....	1, 414, 900
Total.....	6, 680, 353	4, 839, 653	1, 840, 700

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

An appropriate certificate will be issued.

Certificate No. 37 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

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1. That the making of a loan of \$1,840,700 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in making additions and betterments to existing equipment and to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,840,700.

4. That the time from the making thereof within which the loan is to be repaid is 15 years.

That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the pledge of \$2,946,000, principal amount, of applicant's refunding and improvement mortgage 6 per cent gold bonds, issued under an indenture of mortgage, dated December 1, 1916, executed by the applicant to the Bankers Trust Company, of New York, trustee, as amended by supplement thereto, dated April 1, 1918. These bonds are in temporary form, without coupons, exchangeable for engraved bonds, in denominations of \$1,000, \$500, or multiples thereof, and are of the series, numbers, denominations, and principal amounts as hereinbelow set forth:

Numbers.	Denominations.	Amounts.
Series A, T-38.....	\$500, 000	500, 000
Series A, T-40 and 41.....	250, 000	500, 000
Series A, T-2.....	100, 000	100, 000
Series A, T-66.....	46, 000	46, 000
Series B, T-45, 46, and 47.....	500, 000	1, 500, 000
Series B, T-63, 64, and 65.....	100, 000	300, 000
Total.....		2, 946, 000

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan, or any other obligation of the applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall

be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 15th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The entire loan, together with substantially the entire amount to be financed by the applicant shall have been expended or definitely obligated for said purposes, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 22d day of October, 1920.

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FINANCE DOCKET No. 1008.

IN THE MATTER OF THE APPLICATION OF THE PENNSYLVANIA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted October 16, 1920. Decided October 22, 1920.

Application granted in part and loan of \$6,780,000 approved.

H. Tatnall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pennsylvania Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 28, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920.

In said application the applicant sets forth:

1. That the amount of the loan desired is \$18,000,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are the purchase of equipment, costing \$11,000,000, and additions and betterments to way and structures, costing \$7,000,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is stocks and bonds selected from those owned by the applicant, and car-trust securities which may be secured upon equipment purchased with the proceeds of the loan.
6. That the extent to which the public convenience and necessity will be served is that the loan will result in increasing the facilities required in the operation of the applicant's lines and in completing additions and betterments to way and structures already authorized and actively progressing under the United States Railroad Administration at the termination of federal control.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied

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for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan to the applicant of \$6,780,125 for additions and betterments to way and structures.

The applicant, by letter of its vice president in charge of finance, dated October 15, 1920, requested immediate consideration of only that part of its application in respect of additions and betterments.

After investigation, the Commission finds that the making in part of the proposed loan by the United States for additions and betterments to way and structures, to promote the movement of freight traffic as hereinafter set forth:

Location.	Item.	Cost.
Baltimore—Canton.....	New pier grain elevator.....	\$740,000
Sunbury.....	Electrical interlocking plant.....	14,430
Elmira.....	Extension to enginehouse.....	5,360
Do.....	Enginehouse drop table.....	4,914
Do.....	New air compressor.....	28,746
Northumberland.....	Air line from power plant.....	1,003
Wilmington.....	Additional enginehouse facilities.....	500,000
Bayview yard.....	New No. 1 and No. 4 tracks, Maryland division, from the Gunpowder River bridge.....	632,000
South Philadelphia.....	Track elevation.....	59,500
Perryville.....	New enginehouse facilities.....	20,000
Chester & Philadelphia branch.....	Chester to Girard Point and connection with main line at Edgystone.....	18,000
Darby—Island road.....	Removing bridge.....	10,000
Elkton.....	Additional tracks and change of line.....	9,000
Elkton to Bacon Hill.....	Extension of No. 1 track.....	8,000
Marcus Hook to Claymont.....	No. 5 track.....	10,500
Pequesa Creek.....	Bridge.....	5,000
Philadelphia.....	Sixtieth street bridge.....	8,000
Ruthby.....	Pump at water station.....	2,260
Thurlow—South Chester branch.....	Locomotive and car facilities.....	6,000
Philadelphia.....	Sixtieth street branch, Fifty-eighth street to junction with Chester & Philadelphia branch.....	10,000
Stony Run power plant.....	Boilers.....	2,267
Winans to wye tower.....	Extension No. 4 track.....	2,919
Do.....	do.....	100
Oakville to Shippensburg.....	Grade revision.....	123,600
Oakville to Mile Post 29.....	do.....	50,000
Chambersburg.....	Addition to enginehouse.....	6,000
Hagerstown.....	Second track sc tower.....	4,000
Do.....	New track scales.....	1,600
Brownell to Sherman.....	Second track.....	1,000
Eldred-Bullis Mills.....	Grade and second track.....	3,500
Gardenville.....	Enginehouse facilities and departure track.....	4,681
Do.....	do.....	500
Larabee.....	Change of line and grade.....	2,700
Olean.....	Extension to siding.....	350
Emporium Junction to Sizer-ville.....	Additional tracks.....	2,100
Pittsburgh.....	Raising bridge No. 1.....	187,602
Conway.....	Enginehouse extension.....	25,547
Canton.....	Enginehouse facilities.....	699,709
Do.....	Yard facilities.....	108,784
Do.....	Third and fourth tracks to MN tower.....	128,000
FD tower to Maximo.....	Third and fourth tracks.....	70,846
Leetonia to Alliance.....	Third track and grade revision.....	234,400
Maximo to Canton.....	Third and fourth tracks.....	238,337
Chicago.....	Polk street and Taylor street viaduct.....	150,000
Do.....	One Hundred and Twelfth street viaduct.....	208,500
Fort Wayne.....	Shop improvement.....	350,000
Mingo Junction.....	Yard and enginehouse facilities.....	810,896
Wellsville.....	Shop improvements.....	122,112
Cleveland.....	Track elevation work.....	130,000
Ashtabula.....	Enginehouse improvements.....	21,681
Girard.....	Yard and engine terminal facilities.....	553,263
Kanwood to Rochester.....	Grade revision.....	400,000
Wheatland.....	Enginehouse facilities.....	47,479
Total.....		6,783,126

or in even tens of thousands of dollars, \$6,780,000 is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 38 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$6,780,000 by the United States to the Pennsylvania Railroad Company, hereinafter referred to as the applicant, for the purpose of enabling applicant to make additions and betterments to way and structures to promote the movement of freight traffic, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$6,780,000.

4. That the time from the making thereof, within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the pledge of 108,500 shares of the capital stock of the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company of the par value of \$10,050,000.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged

heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any or all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 15th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer showing the character and costs of the additions and betterments made with or in connection with the loan. The loan shall have been expended or definitely obligated for the purposes for which loaned, or repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 22d day of October, 1920.

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FINANCE DOCKET No. 44.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES AND TO ASSUME PAYMENT OF OTHER NOTES.

Submitted September 24, 1920. Decided October 23, 1920.

Authority granted to issue as of July 21, 1920, three promissory notes aggregating \$87,000, and to assume payment of nine promissory notes aggregating \$18,000.

C. C. Hine for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Indianapolis & Louisville Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue as of July 21, 1920, three 6 per cent promissory notes aggregating \$87,000, maturing December 1, 1920, June 1, 1921, and December 1, 1921, respectively, and to assume payment of nine 5½ per cent promissory notes aggregating \$18,000, maturing serially up to and including December 15, 1928. Applicant became obligated on April 30, 1920, to make the payments represented by the above-mentioned notes, having on that date entered into a contract with the Cincinnati, Indianapolis & Western Railroad Company to purchase certain real estate and freight-yard facilities located in Indianapolis, Ind., known as bulking yards. The total amount expended for the purchase of the property was \$167,474.33. These notes represent part of the purchase price. In pursuance of its agreement of April 30, 1920, the applicant appears to have issued the three notes and assumed payment of the nine notes on July 21, 1920, inadvertently, and without intent to violate section 20a.

The three notes for the issue of which authority is asked, and the nine notes for the assumption of payment of which authority is also asked, together with all other outstanding notes of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of the applicant outstanding on the date of this application.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for

that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the issue of said three promissory notes, in the aggregate amount of \$87,000, and the assumption of said nine promissory notes in the aggregate amount of \$18,000, by the applicant (a) are for a lawful object within the corporate purposes of the Chicago, Indianapolis & Louisville Railway Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Indianapolis & Louisville Railway Company be, and it is hereby, authorized (1) to issue, as of the date of July 21, 1920, three promissory notes of the aggregate principal amount of \$87,000, each of said notes to be dated July 21, 1920, to bear interest at the rate of 6 per cent per annum, and to be secured by a purchase-money mortgage to be dated July 21, 1920, from the applicant to the Cincinnati, Indianapolis & Western Railroad Company, the first of said notes to be in the sum of \$35,000 and the principal thereof to be payable on or before December 1, 1920, the second of said notes to be in the sum of \$35,000 and the principal thereof to be payable on or before June 1, 1921, and the third of said notes to be in the sum of \$17,000 and the principal thereof to be payable December 1, 1921; each of the notes to be substantially in the forms submitted with the application; these notes, or the proceeds thereof, to be used solely for the purpose of making payment in part of the purchase price of certain real estate and freight-yard facilities in Indianapolis, Ind., known as bulking yard; and (2) to assume, as of the date of July 21, 1920, the payment of nine promissory notes, each in the sum of \$2,000, dated December 15, 1898, bearing interest at the rate of 5½ per cent per annum, payable semiannually, which semiannual interest is evidenced by 18 other promissory notes as provided for in the mortgage dated December 15, 1898, from the Cincinnati, Indianapolis & Louisville Railway Company.

nati, Hamilton & Dayton Railway Company to the Fire Association of Philadelphia; the said nine notes, each for \$2,000, maturing successively on the 15th day of December in the years 1920 to 1928, inclusive; said nine notes and the 18 notes evidencing interest thereon beng secured by the aforesaid mortgage; said assumption of payment of these nine notes to be in satisfaction in part of the purchase price of the aforesaid real estate and freight-yard facilities.

It is further ordered, That the applicant shall, on or before December 31, 1920, and every six months thereafter, report to the Commission all pertinent facts relating to the issue of notes and assumption of payment of notes as herein authorized, the use of the same, or of the proceeds thereof, and the payment of said notes; each of said reports to be signed by an executive officer of the applicant having knowledge of the facts and verified by his oath, and to be made periodically as herein required until all of the notes shall have been paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or the interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 54.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY FOR AUTHORITY TO ISSUE CALIFORNIA-ARIZONA LINES FIRST AND REFUNDING MORTGAGE BONDS.

Submitted October 13, 1920. Decided October 23, 1920.

Authority granted for issue to an extent not exceeding \$15,486 of California Arizona Lines first and refunding mortgage bonds, being \$26.70 on each \$1,000 bond given in exchange for each \$200 bond, or equivalent, surrendered and canceled, under a certain mortgage.

S. T. Bledsoe for applicant and intervener.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

This proceeding was instituted by the filing of an application by the Atchison, Topeka & Santa Fe Railway Company, a common carrier by railroad engaged in interstate commerce, which seeks authority under section 20a of the interstate commerce act to issue \$15,486 of California-Arizona lines first and refunding mortgage bonds, payable in United States gold coin.

The California, Arizona & Santa Fe Railway Company, herein termed the intervener, which owns certain lines of railroad in the states of California and Arizona, all of which are leased to the applicant, has filed an intervening petition in this proceeding, because the bonds proposed to be issued will be secured upon the property of the intervener.

The applicant and the intervener united in an agreement, dated March 1, 1912, a copy of which is filed with the application, to the Guaranty Trust Company of New York, whereby certain properties of the intervener were conveyed in trust to secure an issue of not exceeding \$50,000,000 of bonds described as California-Arizona lines first and refunding mortgage bonds. By a separate agreement the intervener agreed that it would be, as between itself and the applicant, the principal obligor for the payment of the principal and interest of said bonds. The bonds are to be issued, however, in the name of the applicant as the promisor.

It was provided in the mortgage that bonds might be made payable in dollars, sterling, or francs. Of bonds payable in sterling for 65 L. C. C.

the face amount of \$564,514, there are now outstanding \$549,914.50, with \$14,599.50 thereof in the treasury of the applicant. Under the terms of the mortgage these bonds are exchangeable for bonds payable in dollars. When necessary to ascertain the equivalent in dollars of the amount of the bonds payable in sterling, such equivalent is to be computed at the rate of \$4.8665 to the pound sterling.

The exchange of a £200 bond, or equivalent amount in pounds sterling, for a \$1,000 bond therefore results in an increase of \$26.70 in the face amount of bonds issued under the mortgage. The application is for authority to cover this increase.

The application was made under oath, signed, and filed on behalf of the applicant by an executive officer duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed issue to the extent not exceeding \$15,486 of said bonds, being \$26.70 on each \$1,000 bond given in exchange for each £200 bond, or equivalent amount in pounds sterling, surrendered and canceled, (a) is for a lawful object within the corporate purposes of the Atchison, Topeka & Santa Fe Railway Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Atchison, Topeka & Santa Fe Railway Company be, and it is hereby, authorized to issue not exceeding \$15,486 of California-Arizona lines first and refunding mortgage bonds, being \$26.70 on each \$1,000 bond given in exchange for each £200 bond, or equivalent amount in pounds sterling, surrendered and canceled; the issue to be for the sole purpose of effecting the exchange of \$564,514 of applicant's California-Arizona first and refunding mortgage bonds payable in sterling, for bonds payable in dollars, in accordance with the mortgage dated March 1, 1912,

made by the applicant and intervener to the Guaranty Trust Company of New York.

It is further ordered, That the dollar bonds issued upon the surrender and cancellation of the \$14,599.50 of sterling bonds now in the treasury of the applicant, shall remain in the applicant's treasury and shall not be sold, pledged, repledged, or otherwise disposed of except as may be authorized by the future order of this Commission.

It is further ordered, That the applicant shall, on or before December 31, 1920, and each six months thereafter until all of such bonds hereby authorized have been issued in accordance with this order, report to this Commission the amount of bonds so issued, each report to be signed by an executive officer of said company having knowledge of the facts and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or other obligation as to said bonds, or the interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 950.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted October 22, 1920. Decided October 26, 1920.

Application granted in part and loan of \$1,125,000 approved.

W. H. Williams for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Delaware & Hudson Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, and on October 1, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$3,475,000.
2. That the term for which the loan is desired is to expire June 1, 1930.
3. That the purposes of the loan and the uses to which it will be applied are to provide itself with passenger-train equipment and additions and betterments to way and structures as follows: Passenger-train cars, estimated cost, \$1,125,000; additions and betterments to way and structures, estimated cost, \$2,250,000; making total of \$3,475,000.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in that regard.
5. That the security offered is \$3,475,000, principal amount, of applicant's first and refunding mortgage 4 per cent gold bonds, due 1943, and stock of the following corporations owned by the applicant:

Stock.	Shares.	Par value per share.	Total par value.	Present value.
Northern Coal & Iron Company.....	2,000	\$100	\$200,000	\$200,000
Napierville Junction Railway.....	12,000	50	600,000	600,000
Greenwich & Johnsonville Railway Company.....	2,250	100	225,000	225,000
Chateaugay & Lake Placid Railway Company (preferred)...	30,000	100	3,000,000	1,870,000
Total.....			4,025,000	2,825,000

6. That the extent to which the public convenience and necessity will be served by the loan is that a saving of approximately 1,000 cars and 2 locomotives would be had, and in addition thereto, savings in operation costs would result and the efficiency and capacity of the railway would be correspondingly increased.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan of \$2,250,000 to the applicant for additions and betterments to promote the movement of cars.

After investigations, the Commission finds that a loan to the applicant by the United States of \$1,125,000 for additions and betterments, apportioned as follows:

	Estimated cost.	Financed by appli- cant.	Loan by United States.
Elimination of Whitehall tunnel.....	\$500,000	\$250,000	\$250,000
New yard, Glenville.....	1,250,000	625,000	625,000
New yard, Port Henry.....	500,000	250,000	250,000
Total.....	2,250,000	1,125,000	1,125,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for the aforesaid purposes.

Further consideration will be given, upon separate application, to a loan to the applicant for the acquisition of 15 milk cars on condition that the applicant undertake to finance 75 per cent of the total cost thereof.

An appropriate amended certificate will be issued and certificate No. 16 of August 9, 1920, will be canceled.

65 L. C. C.

Amended Certificate No. 16 for a Loan under Section 210 of the Transportation Act, 1920.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,125,000 by the United States to the Delaware & Hudson Company, hereinafter referred to as the applicant, for the purpose of aiding it in making additions and betterments to way and structures to promote the movement of freight-train cars, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,125,000.

4. That the loan shall be repaid in full on or before June 1, 1930.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the pledge of \$1,700,000, principal amount, of applicant's first and refunding mortgage 4 per cent gold bonds, due 1943, issued under an indenture of mortgage dated May 1, 1908, executed by the applicant to the Farmers' Loan & Trust Company, New York, trustee. Said bonds are in denomination of \$1,000 and are numbered 42,317 to 44,016, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) That the applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore as security for this loan or any other obligation of the said applicant to the United States for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 21st day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the

United States government shall not exceed 7 per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificates under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before January 1, 1922.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Certificate No. 16, of August 10, 1920, is hereby canceled.

Done in Washington, D. C., this 26th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 1004.

IN THE MATTER OF THE APPLICATION OF THE NORTHERN PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted October 23, 1920. Decided October 27, 1920.

Application granted and a loan of \$6,000,000 approved.

Howard Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Northern Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 15, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, as amended, to provide itself with equipment and additions and betterments, and on June 17, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$6,000,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment and in making additions and betterments to existing equipment and to way and structures as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Equipment:			
6 mountain Mallet locomotives.....	\$611,785		
20 Pacific-type passenger locomotives.....	1,408,878		
25 mikado freight locomotives.....	1,854,218		
24 switching locomotives.....	1,241,983		
300 Hart convertible cars.....	1,122,374		
60 air dump cars.....	300,000		
100 steel-underframe caboose cars.....	350,000		
1,000 steel-underframe box cars.....	2,500,000		
Betterments to existing equipment.....	300,000		
Total expenditures on account of equipment.....	9,690,208	\$6,090,208	\$3,600,000
Way and structures:			
Widening cuts and fills.....	362,000		
Ballasting.....	407,454		
Rail and other track material.....	1,103,400		
Bridges, trestles, and culverts.....	556,587		
Grade crossings and crossing signals.....	473,787		
Additional main tracks.....	568,600		

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Way and structures—Continued.			
Additional yard tracks, sidings, and industry tracks.....	\$334,750		
Signals and interlockers.....	104,679		
Telegraph and telephone lines.....	100,122		
Tunnels and subway improvements.....	50,585		
Section houses and other roadway buildings.....	5,119		
Freight and passenger stations, office buildings, etc.....	222,168		
Water stations and appurtenances.....	106,456		
Fuel stations and appurtenances.....	104,035		
Shop buildings, engine houses, and appurtenances.....	644,121		
Shop machinery and tools.....	475,542		
Electric power plants, etc.....	37,527		
Pile drivers, cranes, spreaders, and work-train cars.....	506,000		
Car sheds ordered by state of North Dakota (to facilitate repair of cars in bad weather).....	201,000		
Total additions and betterments to way and structures.....	6,368,905	\$3,968,905	\$2,400,000
Grand total.....	16,059,113	10,059,113	6,000,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security available is:

Applicant's general-lien 3 per cent bonds.....	\$5,398,500
Northern Pacific-Great Northern (C., B. & Q. collateral) joint 4 per cent bonds.....	1,271,000
United States government 4½ per cent liberty loan bonds.....	6,538,000
Total.....	13,207,500

6. That the extent to which the public convenience and necessity will be served is that the equipment and additions and betterments to be acquired from the proceeds of the loan will result in a more expeditious handling of traffic, thereby avoiding delays and congestion due to inadequate facilities.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant as follows:

For freight and switching locomotives.....	\$1,853,978
For freight-train cars.....	1,746,022
For additions and betterments to way and structures.....	2,400,000
Total.....	6,000,000

After investigation, we find that the making of the whole of the proposed loan by the United States for the purposes aforesaid is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the

applicant, together with the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 39 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$6,000,000 by the United States to the Northern Pacific Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new equipment and additions and betterments to existing equipment and to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$6,000,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by pledging \$6,000,000, principal amount, of United States government 4½ per cent second liberty loan bonds, converted, in permanent form, as follows:

Serial numbers.	Number of bonds.	Denomination.	Principal amount.
A-00058601 to B-00058967.....	367	\$10,000	\$3,670,000
C-00019263 to A-00019521.....	259	5,000	1,295,000
D-00034299 to E-00034506.....	207	5,000	1,035,000
	833	.....	6,000,000

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

65 L. C. C.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the security pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 15th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate under oath of its chief engineer showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States on or before July 1, 1921.

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 27th day of October, 1920.

65 I. C. C.

FINANCE DOCKET No. 62.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE MISSOURI, KANSAS & TEXAS RAILWAY COMPANY OF TEXAS, FOR AUTHORITY TO ISSUE EQUIPMENT NOTES.

Submitted October 1, 1920. Decided October 28, 1920.

Authority granted to issue \$675,000 of receiver's equipment notes, in series, to be known as series A, B, and C, under a certain agreement of conditional sale and indenture of lease; each note to be dated July 1, 1920, and notes of the respective series to mature at quarterly periods to and including September 1, 1922.

Joseph M. Bryson for applicant.

REPORT AND ORDER OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That C. E. Schaff, receiver of the Missouri, Kansas & Texas Railway Company of Texas, be, and he is hereby, authorized to issue \$675,000 of receiver's equipment notes, in pursuance of and in accordance with the order and decree of court, a certified copy of which has been filed in this proceeding, made and entered on August 20, 1920, in the case of *The Central Trust Company of New York, trustee, v. The Missouri, Kansas & Texas Railway Company of Texas*, consolidated cause in equity No. 2794/50, pending in the district court of the United States for the northern district of Texas; principal amounts, to bear interest, at the rate and payable as specified in said application; and to mature as set forth in the application, except that series-A notes, Nos. 1 to 28, inclusive, shall be made payable on demand instead of on October 1, 1920; said notes to be substantially in the form set forth in the copy of proposed agreement of conditional sale and indenture of lease filed in this proceeding, and such notes, or the proceeds thereof, to be used solely in the procurement of equipment as set forth in the application.

It is further ordered, That said receiver shall, for the period ending December 31, 1920, and for each six months' period thereafter, report to this Commission within 30 days after the close of such periods, all pertinent facts relative to the issue of notes as herein authorized and of the payment of same, such periodical reports to be made until all of the notes shall have been issued and fully paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 953.

IN THE MATTER OF THE APPLICATION OF THE ELECTRIC SHORT LINE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted September 22, 1920. Decided October 28, 1920.

Security offered held not to justify the loan requested. Application denied.

E. D. Luce for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Electric Short Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 10, 1920, made application to the Interstate Commerce Commission for a loan of \$42,250 from the United States in accordance with section 210 of the transportation act, 1920. On September 22, 1920, the applicant amended the application.

The purposes of the loan and the uses to which it is proposed to be applied are to aid the applicant in providing itself with additional equipment and in making additions and betterments to equipment and way and structures, at a total estimated cost of \$83,000, claimed to be necessary to enable the applicant properly to meet the transportation needs of the public.

The character and value of the security offered are the applicant's promissory note secured by a mortgage or deed of trust covering the equipment purchased and rebuilt.

The applicant owns and operates 54.5 miles of main-line track and 8.05 miles of sidings. Its principal termini are Minneapolis and Hutchinson, Minn.

It appears that no station on the applicant's line is at a greater distance than 6 or 7 miles from another existing carrier, the average distance to another carrier being between 4 and 5 miles.

The actual net income of the applicant, for the years 1916 to 1919, inclusive, resulted in a deficit each year, as follows:

1916 -----	\$19,630
1917 -----	65,937
1918 -----	46,916
1919 -----	70,527

65 I. C. C.

The effect upon net income of the increased rates authorized by us in *Increased Rates, 1920*, 58 I. C. C., 220, is as follows:

1916-----	deficit--	\$10,317
1917-----	deficit--	88,107
1918-----	deficit--	12,273
1919-----	deficit--	26,556

The effect of the recent wage award of the Railroad Labor Board is not reflected in these figures.

The prospective earning power is the controlling factor in respect to the adequacy of the security offered. The prospective earning power of the applicant being doubtful, the security offered is inadequate.

After investigation we are of the opinion that the prospective earning power of the applicant and the character and value of the security offered do not afford reasonable assurance of the applicant's ability to repay the loan, and reasonable protection to the United States, and so find.

An appropriate order will be entered.

ORDER.

It appearing, That a full investigation of the matters and things involved in said application having been had, and the said Division having on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.
65 I. C. C.

FINANCE DOCKET No. 71.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE TEXAS & PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT NOTES.

Submitted October 28, 1920. Decided November 1, 1920.

Authority granted to issue \$477,000 of 6 per cent receivers' equipment notes, under the terms of a certain agreement of conditional sale and indenture of lease.

Thomas J. Freeman for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The receivers of the Texas & Pacific Railway Company, a common carrier by railroad engaged in interstate commerce, apply for authority, under section 20a of the interstate commerce act, to issue \$477,000 of 6 per cent receivers' equipment notes in part payment for 200 steel-underframe Rodger ballast cars, 100,000-pound capacity, contracted for in February, 1920, at a unit price of \$3,178.68.

J. L. Lancaster and Charles L. Wallace were appointed receivers of the Texas & Pacific Railway Company on December 1, 1919, by the United States district court for the western district of Louisiana. The carrier has been under receivership, however, since October 27, 1916. By order of court dated August 31, 1920, the receivers were duly authorized to purchase the equipment described above for the price of \$635,736, to execute a proposed agreement of conditional sale and indenture of lease with the American Car & Foundry Company and Columbia Trust Company, trustee, respecting the equipment, and to pay \$158,736 in cash to the trustee as part of the purchase price, and to execute and deliver \$477,000 of their negotiable notes to the trustee for the balance thereof, pursuant to and under the terms of the agreement. Copies of the order of court and agreement have been filed with the application in this proceeding.

The applicants show that the cars in question are needed "to economically place very large amounts of ballast material on the tracks of the Texas & Pacific Railway Company, which is sorely needed at this time."

The application was made under oath, signed, and filed by one of the said receivers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the

states in which the carrier operates. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed issue of said receivers' equipment notes (a) is for a lawful object within the authorized purposes of the applicants and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as a common carrier, and which will not impair their ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That J. L. Lancaster and Charles L. Wallace, receivers of the Texas & Pacific Railway Company, be, and they are hereby, authorized to issue \$477,000 of the Texas & Pacific Railway Company 6 per cent receivers' equipment notes, to be dated September 1, 1920, to bear interest (to be evidenced by interest coupons attached) from September 1, 1920, at the rate of 6 per cent per annum, payable semiannually on the 1st day of March and the 1st day of September in each year, to be in denominations of \$1,000, and to be numbered from 1 to 477, inclusive; \$24,000 of these notes is to mature on the 1st day of March and the 1st day of September in each of the years 1921 to 1928, inclusive, and on March 1, 1929, and \$23,000 is to mature on September 1, 1929, March 1, 1930, and September 1, 1930, respectively; said receivers' equipment notes to be issued under and secured by, and to be substantially in the form set forth in, a certain agreement of conditional sale and indenture of lease between the American Car & Foundry Company, Columbia Trust Company, trustee, and J. L. Lancaster and Charles L. Wallace, receivers of the Texas & Pacific Railway Company, dated July 1, 1920, copies of which have been filed with the application; said receivers' equipment notes to be used at not less than par and solely for the purpose of procuring 200 steel-underframe Rodger ballast cars, 100,000-pound capacity, at the price of \$3,178.68 each, as set forth in said agreement, the total price of said cars being \$635,736, of which \$158,736 is to be covered by cash payments and the balance, \$477,000, by said notes.

It is further ordered, That said applicants shall furnish to this Commission periodical reports, properly verified, showing all pertain-
65 I. C. C.

nent facts relating to the issue and disposition of the receivers' equipment notes herein authorized and the application of the proceeds thereof, the first report to be made within 60 days after the date of this order, and subsequent reports to be made every 60 days thereafter until all of said receivers' equipment notes shall have been issued and used or the proceeds thereof used; and shall also report to us the payment of the receivers' equipment notes within 10 days after they are respectively paid.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receivers' equipment notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 55.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR AUTHORITY TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS AND TO PLEDGE A PART THEREOF.

Submitted October 12, 1920. Decided November 2, 1920.

Authority granted (1) for the issue of \$3,475,000 of first and refunding mortgage 4 per cent gold bonds, to be dated May 1, 1908, and to mature May 1, 1943, in accordance with the terms of a certain mortgage; (2) to pledge \$1,700,000 of these bonds with the Secretary of the Treasury as security for a loan of \$1,125,000 from the United States; and (3) to hold \$1,775,000 of said bonds in the treasury of the applicant available for disposal as may hereafter be authorized.

Walter C. Noyes for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Delaware & Hudson Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act (1) to issue \$3,475,000 of first and refunding mortgage 4 per cent gold bonds; (2) to pledge \$1,700,000 of the bonds with the Secretary of the Treasury as security for a loan to the applicant of \$1,125,000 from the United States under section 210 of the transportation act, 1920, as amended; and (3) to hold \$1,775,000 of these bonds in its treasury available for the financing of the projects enumerated in the application, as may hereafter be authorized by our order.

The first and refunding mortgage, dated May 1, 1908, made by the applicant to the Farmers' Loan & Trust Company, provides for the issue of bonds in the aggregate amount of \$50,000,000, of which \$42,316,000 have been issued and are now outstanding. Under section 5 of article II, \$20,000,000 of such bonds may be used for construction, acquiring property, reduction of grades, changes of line, etc.

It is proposed to pledge \$1,700,000 of the bonds for which authority is asked with the Secretary of the Treasury, as security for a loan of \$1,125,000 from the United States, under section 210 of the transportation act, 1920, as amended, to be used as specified

in our certificate No. 16, in part payment of additions and betterments to way and structures of the following estimated cost:

Elimination of Whitehall tunnel.....	\$500,000
New yard, Glenville.....	1,250,000
New yard, Port Henry.....	500,000
Total.....	2,250,000

The balance of the proposed expenditures for these purposes remains to be financed by the applicant from sources other than the United States, the cost of such financing not to exceed 7 per cent per annum, including discount, attorneys' fees, and any and all other expenses in connection therewith, as required by our certificate No. 16. Apparently no arrangements have yet been perfected by the applicant for securing this additional sum of \$1,125,000, and it is proposed that \$1,775,000 of the bonds for which authority is asked be held in its treasury available for use in that connection as well as for procuring new equipment mentioned in the application.

The application was made under oath and was signed and filed by an executive officer of the applicant duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates, and no objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we find that the proposed issue of \$3,475,000 of first and refunding mortgage 4 per cent gold bonds, and the pledge of \$1,700,000 thereof with the Secretary of the Treasury, (a) are for a lawful object within the corporate purposes of the Delaware & Hudson Company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date thereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Delaware & Hudson Company be, and it is hereby, authorized (1) to issue as of the date of May 1, 1908, \$3,475,000 of first mortgage and refunding mortgage 4 per cent gold

65 I. C. C.

bonds, the same to be issued under and pursuant to, and to be secured by, the first and refunding mortgage, dated May 1, 1908, made by the applicant to the Farmers' Loan & Trust Company, a copy of which is filed with the application; said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually, on the 1st day of May and November, in each year, the first installment of interest to be paid November 1, 1920, and the principal thereof to be payable on the 1st day of May, 1943; the bonds to be subject to redemption and to be registrable, as provided in said first and refunding mortgage, and to be issued substantially in the form submitted with the application; (2) to pledge \$1,700,000 of the bonds herein authorized to be issued with the Secretary of the Treasury as security for a loan of \$1,125,000 from the United States under section 210 of the transportation act, 1920, as amended, to assist the applicant in making certain additions and betterments specified in the Commission's certificate No. 16; these bonds to be used solely as such security until otherwise ordered by the Commission; and (3) to hold \$1,775,000 of the bonds herein authorized to be issued in its treasury available for such disposition in connection with providing the remainder of funds necessary to make the aforesaid additions and betterments, the cost of such financing to the applicant not to exceed 7 per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection therewith, as specified in said certificate No. 16, and in connection with procuring certain new equipment enumerated in the application, as may hereafter be authorized.

It is further ordered, That said first and refunding mortgage 4 per cent gold bonds, herein authorized to be issued, shall not be sold, disposed of, pledged or repledged, or otherwise used by the applicant for any purpose or in any manner than as authorized in this order.

It is further ordered, That applicant shall make report to this Commission of the issue and pledge of bonds as herein authorized, within 10 days after the same shall have been so issued and pledged; and that said applicant shall also make report of the release of the bonds from such pledge within 10 days after the same or any part thereof shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first and refunding mortgage 4 per cent gold bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 950.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR A LOAN TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amendment to Amended Certificate No. 16, for a Loan under Section 210 of Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its amended certificate No. 16 for a loan of \$1,125,000 by the United States to the Delaware & Hudson Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by inserting the following clause next preceding paragraph 6 and following subdivision 3 of paragraph 5 (*d*) of said amended certificate No. 16 of October 26, 1920:

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate shall, at the option of the holder, become due and payable.

so that the said paragraph 5 (*d*) of amended certificate No. 16 shall read as follows:

(*d*) The applicant has agreed in an instrument in writing, dated the 21st day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed 7 per cent per annum, including in such cost discounts, attorney's fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificates under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before January 1, 1922. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate shall, at the option of the holder, become due and payable.

Done in Washington, D. C., this 2d day of November, 1920.

65 I. C. C.

FINANCE DOCKET No. 1015.

IN THE MATTER OF THE APPLICATION OF THE RUTLAND RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted October 15, 1920. Decided November 2, 1920.

Application granted in part and loan of \$61,000 approved.

A. H. Harris for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Rutland Railroad Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on June 7, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$88,993.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to make additions and betterments to way and structures at a total estimated cost of the amount of loan requested.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is applicant's 6 per cent debenture bonds in the amount of the loan.
6. That the extent to which the public convenience and necessity will be served by the loan is that the additional facilities to be provided with the proceeds of the loan will result in improved service to the public and increased capacity for handling business.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan of \$61,198 be made to the applicant for the purposes aforesaid.

65 I. C. C.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in the amount hereinafter set forth: Additions and betterments to way and structures, total estimated cost \$88,993, to be financed by applicant \$27,993, to be loaned by United States \$61,000, is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 40 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$61,000 by the United States to the Rutland Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$61,000.

4. That the time from the making thereof, within which the loan is to be repaid in full, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

- (a) The loan shall be collaterally secured by pledge of \$183,000, principal amount of Chatham & Lebanon Valley Railroad 50-year, 4 per cent gold bonds, due 1951, in denomination of \$1,000 and numbered 1 to 183 inclusive, in coupon form, having coupon due January 15, 1921, and subsequent coupons attached. Said bonds are issued under an indenture of mortgage dated July 15, 1901, executed by the Chatham & Lebanon Valley Railroad to the Standard Trust Company of New York, as trustee.

(b) Applicant may repay any or all parts of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 8th day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, and January 1, 1922, detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before December 31, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purpose from other sources.

Done in Washington, D. C., this 4th day of November, 1920.

FINANCE DOCKET No. 1028.

IN THE MATTER OF THE APPLICATION OF THE TRANS-MISSISSIPPI TERMINAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted October 28, 1920. Decided November 4, 1920.

Application granted and loan of \$1,000,000 approved.

J. L. Lancaster for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Trans-Mississippi Terminal Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 24, 1920, made application to the Interstate Commerce Commission for a loan from the United States, in accordance with section 210 of the transportation act, 1920, to meet maturing indebtedness. On June 16 and October 5, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,000,000.
2. That the term for which the loan is desired is three years from November 1, 1920.
3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in meeting the maturity, November 1, 1920, of its three-year 7 per cent gold notes, in an aggregate principal amount of \$3,653,000, said notes being the unpaid balance of an original issue of \$4,250,000 of such notes maturing November 1, 1917, and extended for three years from said date.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$1,250,000, principal amount, of applicant's three-year 6 per cent gold notes, extended to November 1, 1923, with interest at $7\frac{1}{2}$ per cent per annum, and bearing the unrestricted guaranty and indorsement, as to both principal and interest, of the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and the receivers of the Texas & Pacific Railway Company.

6. That the extent to which the public convenience and necessity will be served is that the loan will assist the applicant in meeting the aforesaid maturity and thereby restoring its credit.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$750,000 to meet maturing indebtedness.

After investigation, we find that the making of the proposed loan by the United States to aid the applicant in meeting its maturing indebtedness, as hereinafter set forth: Trans-Mississippi Terminal Railroad Company's extended 6 per cent gold notes, due November 1, 1920, aggregate principal amount \$3,653,000, to be financed by applicant \$2,653,000, to be loaned by United States \$1,000,000, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 47 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Trans-Mississippi Terminal Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the loan shall mature November 1, 1923.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be collaterally secured by the pledge of \$1,250,000, principal amount, of three-year 6 per cent gold notes, of the Trans-Mississippi Terminal Company, issued under a trust agreement, dated November 2, 1914, executed by the Trans-Mississippi Terminal Company to the Equitable Trust Company of New York, trustee, and extended to November 1, 1923, with interest at $7\frac{1}{2}$ per cent per annum, under the terms of an agreement, dated November 1, 1920, between the Trans-Mississippi Terminal Railroad Company, the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, J. L. Lancaster and Charles L. Wallace as receivers of the Texas & Pacific Railway Company, the holders of the extended 6 per cent three-year gold notes of the Trans-Mississippi Terminal Company, and the Equitable Trust Company of New York, as trustee. The said three-year extended 6 per cent gold notes in turn shall be secured by the unrestricted joint and several indorsements and guaranty, as to both principal and interest, of the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and the receivers of the Texas & Pacific Railway Company, and as otherwise provided in said agreement of November 1, 1920. The said notes are in denomination of \$1,000, and are numbered 501 to 1500, inclusive, 3425 to 3549, inclusive, and 3920 to 4044, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan, or any other obligation of the applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 14th day of October, 1920, filed with the Interstate Commerce Commission, to the following condition: That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses

in connection therewith. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 4th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 966.

IN THE MATTER OF THE APPLICATION OF THE GULF,
MOBILE & NORTHERN RAILROAD COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN PROVID-
ING EQUIPMENT AND OTHER ADDITIONS AND BET-
TERMENTS.

Submitted October 23, 1920. Decided November 4, 1920.

Application granted in part and loan of \$515,000 approved.

F. M. Hicks and I. B. Tigrett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Gulf, Mobile & Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 1, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act. The application was amended June 18, 1920, and was further amended October 23, 1920.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$731,950.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to assist the applicant to purchase additional equipment, to make additions and betterments to existing equipment and to way and structures, as follows:

For new equipment consisting of four mikado freight locomotives and two switching locomotives.....	\$227,400
For additions and betterments to existing equipment.....	257,050
For additions and betterments to way and structures.....	247,500
Total	731,950

4. Its present and prospective ability to repay the loan and meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 6 per cent gold bonds in the ratio of \$2 par value of bonds for each \$1 of loan.

6. That the extent to which the public convenience and necessity will be served by the loan is that the applicant's railroad will be able to accommodate with greater efficiency heavy through freight traffic being offered.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan to the applicant be made for the following purposes and in the following amounts:

For new equipment.....	\$113,700
For additions and betterments to existing equipment.....	256,050
For additions and betterments to way and structures.....	145,000
Total recommended.....	514,750

After investigation we find that the making in part of the proposed loan by the United States in the amount of \$515,000 to be used in the manner hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
Equipment:			
4 mikado locomotives.....	\$197,400		
2 secondhand switching locomotives.....	30,000		
Total equipment.....	227,400	\$113,400	\$114,000
Additions and betterments to existing equipment:			
515 box cars—			
Reinforcing ends with metal at \$50.....	25,750		
Adding improved door fixtures at \$48.....	23,175		
Adding reinforced metal roof car lines at \$40.....	20,600		
Adding steel center sills at \$218.....	110,725		
Total box cars.....	180,250		
67 flat cars; adding reinforced metal draft arms and striking plates at \$150.....	10,050		
100 gondola cars; adding reinforced metal draft arms and striking plates at \$157.50.....	15,750		
20 locomotives; adding superheaters and steel drive-wheel centers at \$2,500.....	50,000		
Total additions and betterments to existing equipment....	256,050	50	256,000
Additions and betterments to way and structures:			
Track ballasting on Jackson extension.....	72,000		
Placing interlocker at crossing with Illinois Central.....	23,000		
Replacing curve-worn rail (12 miles) with heavier rail.....	30,000		
Purchasing two secondhand locomotive cranes.....	17,500		
Purchasing a new ditcher.....	12,500		
Total additions and betterments to way and structures.....	145,000		145,000
Grand total.....	628,900	113,900	515,000

is necessary to enable the applicant properly to meet the transportation needs of the public.

We further find that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the 65 I. C. C.

time fixed therefor, and to meet its other obligations in connection with such loan, and afford reasonable protection to the United States, and that the applicant is unable to provide itself with the funds necessary for the above-mentioned purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 44 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$515,000 by the United States to the Gulf, Mobile & Northern Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant to provide itself with additional equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$515,000.

4. That the time from the making thereof, within which the loan is to be repaid, is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the pledge of applicant's first-mortgage 6 per cent series-A gold bond, numbered T-1, in a principal amount of \$1,030,000, issued under an indenture of mortgage dated October 1, 1920, executed by the applicant to the United States Mortgage & Trust Company of New York, as trustee.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may from time to time be required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 28th day of September, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about January 1 and July 1, 1921, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1921. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., on the 15th day of November, 1920.

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FINANCE DOCKET No. 72.

IN THE MATTER OF THE APPLICATION OF THE INDIANA HARBOR BELT RAILROAD COMPANY FOR AUTHORITY TO ISSUE DEMAND PROMISSORY NOTES.

Submitted October 8, 1920. Decided November 6, 1920.

1. Authority granted to issue, within 60 days of date of order, \$2,200,000 of demand promissory notes, with interest at a rate not exceeding 7 per cent per annum.
2. Applicant required to pay demand notes out of earnings within two years from date of order, or out of proceeds of settlement under guaranty provisions of section 209, of the transportation act, 1920.

Robert J. Cary for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Indiana Harbor Belt Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act, to issue not to exceed \$2,200,000 of demand promissory notes.

The applicant represents that it is entitled to an amount estimated to exceed the sum of \$3,000,000 under the guaranty provisions of section 209 of the transportation act, 1920, and settlement not having been made therefor, funds are needed for the payment of traffic balances, per diem, pay rolls, war taxes, fuel, ties, and other current expenses. It is proposed to supply the necessary funds by the issue of demand promissory notes bearing interest at a rate not exceeding 7 per cent per annum. The applicant states that the notes are to be either the simple obligations of the applicant or, at its option, to be guaranteed by its proprietor companies, namely, the New York Central Railroad Company, the Michigan Central Railroad Company, the Chicago, Milwaukee & St. Paul Railway Company, and the Chicago & North Western Railway Company. These companies have not applied for authority to guarantee the notes; hence, no action is taken or authority granted as to guaranty of the notes by them.

The purpose of the issue being to supply funds for current uses, pending a settlement to be made under the guaranty provisions of section 209 of the transportation act, 1920, the applicant will be

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required to pay the notes, within two years, out of earnings, or out of the proceeds of the settlement if the same shall be made within that time.

It appears that the proposed notes, together with all other outstanding notes of the applicant of a maturity of two years or less, aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of this application.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Indiana and Illinois, the only states in which the applicant operates. No objection to the granting of the application has been offered by the railroad, public service, or utilities commission or other appropriate authority of either of the states named.

We find that the proposed issue of \$2,200,000 of demand promissory notes by the applicant, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That said Indiana Harbor Belt Railroad Company be, and it is hereby, authorized to issue, within 60 days after the date of this order, \$2,200,000, principal amount, of promissory notes, payable on demand and bearing interest at a rate not exceeding 7 per cent per annum; said notes to be sold or disposed of at par, and the proceeds to be used for the purpose of paying obligations of the applicant as set forth in the application.

It is further ordered, That the applicant shall, within two years from the date of this order, pay said notes out of earnings, but if settlement shall be made with the applicant under the guaranty provisions of section 209 of the transportation act, 1920, within said period of two years, the applicant shall, within 90 days after such settlement, pay all of said notes then remaining outstanding and unpaid out of the proceeds of said settlement.

It is further ordered, That the applicant shall, for the period ending December 31, 1920, report to us in writing all pertinent facts relating to the issue and disposition of said notes; and for such period and for each six months' period thereafter, the applicant shall likewise report all pertinent facts relating to the payment of said notes, such periodical reports to be made until all of the notes shall have been paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(January 24, 1921.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the time within which the Indiana Harbor Belt Railroad Company was authorized to issue \$2,200,000 of promissory notes, payable on demand and bearing interest at a rate not exceeding 7 per cent per annum, be, and it is hereby, extended from 60 days to six months after November 6, 1920, the date of said order.

And it is further ordered, That, except as herein modified, said order of November 6, 1920, shall remain in full force and effect.

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FINANCE DOCKET No. 1019.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN PACIFIC COMPANY FOR A LOAN TO AID IN PROVIDING EQUIPMENT.

Submitted November 1, 1920. Decided November 6, 1920.

Applicant not having shown that it is unable to secure the required funds from other sources, application denied.

A. D. McDonald for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Southern Pacific Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to the Interstate Commerce Commission for a loan, in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with new equipment. The application was amended October 5, 1920.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$5,028,000.
2. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment, as hereinbelow set forth:

Purpose.	Total estimated cost.	Financed by applicant.	Loan from United States.
25 freight locomotives	\$1,898,500	.....	.....
2 electric locomotives	35,000	.....	.....
24 switch locomotives	908,500	.....	.....
Total locomotives	2,880,000	\$1,440,000	\$1,440,000
2,000 box cars	6,400,000	.....	.....
1,000 flat cars	2,400,000	.....	.....
1,000 stock cars	2,750,000	.....	.....
500 automobile cars	1,655,000	.....	.....
250 ballast cars	920,500	.....	.....
66 caboose cars	227,100	.....	.....
Total cars	14,352,600	10,764,600	3,588,000
Grand total	17,232,600	12,204,600	5,028,000

3. That the security offered is Northwestern Pacific Railroad Company first and refunding mortgage 4½ per cent 50-year gold bonds, due 1957.

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4. That the extent to which the public convenience and necessity will be served is that as applicant's lines are situated largely in growing and undeveloped states, the traffic is increasing yearly and the equipment to be provided with the proceeds of the loan is imperatively needed to replace equipment vacated and to provide for current and future traffic.

One of the prerequisites to the making of loans to carriers under section 210 of the transportation act, 1920, as amended, is the finding by the Commission that the applicants are unable to provide themselves with the necessary funds from other sources.

The showing which the applicant has made in respect of its inability to secure from other sources funds necessary to meet its requirements is not convincing.

The only money borrowed by this applicant since the termination of federal control is \$15,000,000, secured by the sale of equipment-trust certificates, which is relatively unimportant considering the value of the applicant's property, its available assets, and its prospective earning power.

We find, therefore, that the necessary showing has not been made that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

An order will be entered denying the application without prejudice.

ORDER.

It appearing, That a full investigation of the matters and things involved in said application having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied, without prejudice to the applicant's right to file with the Commission future applications for loans under section 210 of the transportation act, 1920, as amended.

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FINANCE DOCKET No. 1018.

IN THE MATTER OF THE APPLICATION OF THE SHEARWOOD RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND ADDITIONS AND BETTERMENTS.

Submitted November 5, 1920. Decided November 9, 1920.

Application granted and loan of \$29,000 approved.

J. N. Shearouse for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Shearwood Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to meet its maturing indebtedness and to provide itself with additions and betterments, and on June 17 and October 12, 1920, the applicant amended the application.

In the application as amended the applicant sets forth:

1. That the amount of the loan desired is \$29,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Maturities:

National Bank of Savannah, short-term note overdue.....	\$1, 000
National Bank of Statesboro, short-term note overdue.....	10, 000
Total	11, 000

Additions and betterments:

Strengthening bridges, total estimated cost, \$2,000.....	2, 000
Cross-ties for main track and sidings, total estimated cost, \$10,000...	10, 000
Machine shop and tools, total estimated cost, \$8,000.....	8, 000
Total	18, 000

Recapitulation:

Maturities	11, 000
Additions and betterments.....	18, 000
Total	29, 000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 6 per cent gold coupon bonds, due July 1, 1949, issued under an indenture of mortgage or deed of trust, dated July 1, 1919, to the Hibernia Bank of Savannah, Ga., as trustee.

6. That the extent to which the public convenience and necessity will be served by the loan is that if the loan should not be granted discontinuance of the operation of its line will result.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 41 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$29,000 by the United States to the Shearwood Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness and providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan

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within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$29,000.

4. That the time from the making thereof in which the loan is to be repaid in full is five years.

5. The terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the joint and several unrestricted indorsements and guaranties of John N. Shearouse, Michael A. O'Byrne, and John A. Calhoun, and shall be collaterally secured, additionally, by the pledge of \$58,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, due 1949, issued under an indenture of mortgage, dated July 1, 1919, and executed by the applicant to the Hibernia Bank of Savannah, in the city of Savannah, Ga., as trustee. These bonds are in denomination of \$1,000, in coupon form, and with coupon due January 1, 1921, and subsequent coupons attached, and are numbered 133 to 190, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan, or any other obligation of the applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 2d day of October, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or shall be repaid to the United States on or be-

fore January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 9th day of November, 1920.

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FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS, AND IN MEETING MATURING INDEBTEDNESS.

Submitted November 2, 1920. Decided November 9, 1920.

Application granted in part and loan of \$7,862,000 approved.

M. L. Bell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Rock Island & Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 27, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, for the purpose of providing itself with equipment and other additions and betterments and meeting maturities. On June 19, October 12, and November 2, 1920, the applicant amended and supplemented its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$20,815,723.40.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with equipment, in making other additions and betterments, and in meeting maturing indebtedness as follows:

Equipment:

Freight and switching locomotives	\$2, 638, 750. 00
Freight-train cars	1, 879, 000. 00

Additions and betterments:

To equipment	1, 500, 000. 00
Other than to equipment	6, 000, 000. 00
Maturities	7, 997, 973. 40

Total	20, 815, 723. 40
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4. Its present and prospective ability to repay the loan and meet its obligations in regard thereto.

5. That the security offered is as follows:

Applicant's first and refunding 4 per cent mortgage bonds.....	\$9,244,000.00
Arkansas & Memphis Railway Bridge & Terminal Company first-mortgage 5 per cent bonds.....	925,000.00
Chicago, Rock Island & Gulf Railway Company Carrollton division first-mortgage 6 per cent bonds.....	831,000.00
Crawford County Mining Company first-mortgage 5 per cent bonds	100,000.00
Rock Island Improvement Company Blue Island shops 5 per cent mortgage bonds	199,000.00
Cedar Rapids Terminal 5 per cent bonds.....	369,732.99
Little Rock 5 per cent mortgage bonds.....	278,492.49
Peoria Terminal 5 per cent gold bonds.....	290,247.86
Rock Island-Memphis Terminal Railway Company first-mortgage depot 5 per cent gold bonds.....	900,000.00
Rock Island-Memphis Terminal Railway Company first-mortgage 5 per cent gold bonds, temporary form.....	400,000.00
Rock Island-Omaha Terminal Railway Company first-mortgage 5 per cent temporary bonds.....	600,000.00
Rock Island, Arkansas & Louisiana Railroad Company first-mortgage 4½ per cent bonds.....	15,000.00
St. Paul & Kansas City Short Line Railroad Company first-mortgage 4½ per cent bonds.....	7,000.00
United States government second liberty loan 4½ per cent converted bonds.....	90,000.00
Total	13,749,473.34

6. That the extent to which public convenience and necessity will be served by the loan is that the movement of traffic will be expedited and congestion and delays relieved.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan be made to the applicant as follows:

For additions and betterments:

To existing equipment.....	\$1,257,000
Other than to equipment, to promote the movement of cars.....	5,000,000

For equipment:

Freight and switching locomotives.....	879,583
Freight-train cars	509,667
Total.....	7,646,250

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At applicant's request its application for a loan for equipment is deferred. The application for a loan to meet maturing indebtedness was disposed of by the issuance by us of certificate No. 23, dated September 29, 1920, to the Secretary of the Treasury. This report, therefore, is made in consideration of that part of the application, as amended, which requests a loan for additions and betterments to equipment and other additions and betterments to promote the movement of cars.

After investigation, we find that the making in part of the loan applied for to aid applicant in making additions and betterments to promote the movement of cars, as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan by United States.
Additions and betterments to way and structures:			
Additional main track.....	\$500,000	-----	\$500,000
Additional yard tracks and sidings.....	700,000	-----	700,000
Ballast and bank widening.....	1,000,000	\$10,000	990,000
Rail.....	1,500,000	-----	1,500,000
Bridges.....	600,000	19,000	581,000
Track elevation.....	200,000	-----	200,000
Fuel and water stations.....	500,000	-----	500,000
Shop and engine houses.....	\$54,968	56,968	495,000
Shop machinery and tools.....	1,000,000	29,000	971,000
Additions and betterments to equipment:			
Freight-train cars.....	1,623,100	388,100	1,235,000
Freight locomotives.....	257,830	67,830	190,000
Total.....	8,435,898	573,898	7,862,000

is necessary in order to enable the applicant to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 42 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$7,862,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in making additions and betterments to way and structures and to equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

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2. That the prospective earning power of the applicant and the character and value of the security offered, are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$7,862,000.

4. That the time from the making thereof within which the loan is to be repaid is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the pledge of the following:

Designation.	Number of bonds.	Serial numbers.	Denomination.	Principal amount.
Chicago, Rock Island & Pacific Railway Company bonds (first and refunding mortgage of April 1, 1904, to the Central Union Trust Company and David R. Francis, as trustee):	1 628 20 1,000 173 1,430 2,318 2,674 1,000	66005 104303-104890 123821-123840 129441-129640 129423-129595 129023-137452 137799-140116 149442-149115 149116-150115	\$1,000.00 1,000.00 1,000.00 1,000.00 1,000.00 1,000.00 1,000.00 1,000.00 1,000.00	\$1,000.00 628,000.00 20,000.00 1,000,000.00 173,000.00 1,430,000.00 2,318,000.00 2,674,000.00 1,000,000.00
Arkansas & Memphis Railway Bridge & Terminal Company bonds (first mortgage to the Bankers Trust Company, dated March 1, 1915):	925	1276-2200	1,000.00	925,000.00
Chicago, Rock Island & Gulf Railway Company bonds (Carrollton branch first mortgage dated July 1, 1908):	6	1-6	50,000.00	300,000.00
Carrollton division first-mortgage 5 per cent bonds (1937):	31	1-31	1,000.00	31,000.00
Coupon bonds (1937):	1	5	100,000.00	100,000.00
Crawford County Mining Company first-mortgage 5 per cent bond (1937):	1	1	150,000.00	150,000.00
Rock Island Improvement Company bonds:	1	2	49,000.00	49,000.00
Blue Island shops 5 per cent mortgage bond (1934):	1	1	150,000.00	150,000.00
Mortgage bond (1934):	1	2	49,000.00	49,000.00
Cedar Rapids Terminal bonds:	1	1	354,549.11	354,549.11
Five per cent bond (demand):	1	2	15,183.88	15,183.88
Bond (demand):	1	1	278,492.49	278,492.49
Little Rock mortgage 5 per cent bond (demand):	1	1	290,247.86	290,247.86
Peoria Terminal 5 per cent gold bond (demand):	1	1	290,247.86	290,247.86
Rock Island-Memphis Terminal Railway Company bonds (first mortgage dated March 1, 1915):	1	51	727,000.00	727,000.00
First-mortgage depot gold 5 per cent (1934) temporary form bonds:	1	52	173,000.00	173,000.00
First-mortgage 5 per cent temporary form bonds (1934):	15	T-1-T-15	25,000.00	375,000.00
	1	T-16	23,000.00	23,000.00
	1	T-17	2,000.00	2,000.00
Rock Island-Omaha Terminal Railway Company bonds (first mortgage dated May 1, 1914):	1	1	482,000.00	482,000.00
First-mortgage 5 per cent temporary bonds (1934):	1	1	118,000.00	118,000.00
Rock Island, Arkansas & Louisiana Railroad Company bonds (first mortgage dated March 1, 1910):	15	9951-9965	1,000.00	15,000.00
First-mortgage 4½ per cent bonds (1934):	7	7810-7816	1,000.00	7,000.00
St. Paul & Kansas City Short Line Railroad Company bonds (first mortgage, dated Feb. 1, 1911):				
First-mortgage 4½ per cent bonds (1941):				
United States government second liberty loan 4½ per cent bonds, converted:				90,000.00
Total:				12,749,473.34

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for the loan, or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any or all such loans.

(d) The applicant has agreed in an instrument in writing, dated the 1st day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loan secured from sources other than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs, discounts, attorneys' fees, and any and all other expenses in connection therewith: (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads, in effect at the time the expenditures may be made; (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate, under oath, of its chief engineer, showing the character and costs of the additions and betterments made with, or in connection with, this loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant, for additions and betterments, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., on this 9th day of November, 1920.

FINANCE DOCKET No. 1000.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted November 11, 1920. Decided November 12, 1920.

Application granted and loan of \$9,630,000 approved.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 11, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to provide itself with equipment and additions and betterments to way and structures, and on June 9, June 18, July 10, and October 14, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$9,630,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to provide funds for the purpose of assisting applicant to purchase new equipment and to make additions and betterments to way and structures to promote the movement of freight cars, as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan requested.
Equipment:			
25 light mountain-type locomotives, at \$66,577 each.....	\$1,664,425		
5 light mountain-type locomotives, at \$66,912 each.....	334,560		
10 eight-wheel switching locomotives, at \$49,566 each.....	495,660		
8 multiple-unit passenger-train motor cars.....	1,030,355		
14 multiple-unit passenger-train trailer cars.....			
Total.....	3,525,000	\$2,025,000	\$1,500,000

Purpose.	Estimated cost.	Financed by applicant.	Loan requested.
Additions and betterments:			
To Cedar Hill terminal.....	\$1,809,000		
To Providence terminal.....	1,900,000		
To Hartford yard terminal.....	195,000		
To Waterbury terminal.....	365,700		
Engine terminals, shops, and tool equipment.....	1,500,000		
Cos Cob power plant: generators for increased capacity and decreased cost.....	950,000		
Telegraph and telephones.....	350,000		
Freight and running tracks on grades.....	550,000		
Signaling.....	500,000		
Rail, ballast, and other miscellaneous items.....	1,889,300		
Total.....	10,000,000	\$1,870,000	\$8,130,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is:

For the loan in respect to equipment:

Class-A first-lien equipment-trust certificate, on said equipment, principal amount.....	\$800,000
Class-B second-lien equipment-trust certificate on said equipment, principal amount.....	700,000

For the loan in respect to additions and betterments to way and structures:

Applicant's first and refunding mortgage bonds at 85 or in round figures, principal amount.....	9,585,000
---	-----------

6. That the extent to which the public convenience and necessity will be served is indicated by statements of applicant that the equipment and additions and betterments to be acquired from the proceeds of the loan will make possible the handling of the increased demands of freight traffic, so that the requirements of shippers and of connecting railroads will be met and a more rapid movement of cars made possible, thus increasing their availability for use on other railroads.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$1,750,000 for freight and switching locomotives, and \$8,180,000 for the development of freight yards, engine terminals, shops, tools, and automatic signals.

After investigation, we find that the making of the proposed loan by the United States for the purposes and in the amounts herein-after set forth: For equipment \$1,500,000, for additions and better-

ments, to way and structures, \$8,130,000; total, \$9,630,000, is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, together with the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 49 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$9,630,000 in two parts, as hereinafter set forth, by the United States to the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant to provide itself with equipment and in making additions and betterments to way and structures is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant, together with the character and value of the security required, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$9,630,000, of which \$1,500,000 is to be in respect of equipment, and \$8,130,000 in respect of additions and betterments.

4. That the time from the making thereof within which both parts of the loan are to be repaid in full is 15 years from October 31, 1920.

5. That the terms and conditions of the loan, which shall be in two parts, including the security to be given for repayment, are as follows:

(a) The loan in respect of equipment, namely \$1,500,000, shall be repaid in 15 equal annual installments of \$100,000 maturing consecutively in 1 to 15 years from October 31, 1920, and shall be collaterally secured by the pledge of the following: (1) \$800,000, principal amount, of applicant's class-A 7 per cent prior-lien equipment-trust certificates as hereinafter identified, in denomination of \$1,000, and numbered as follows:

Nos. 1018 to 1067, inclusive.	Nos. 1942 to 1991, inclusive.
Nos. 1134 to 1183, inclusive.	Nos. 2058 to 2107, inclusive.
Nos. 1249 to 1298, inclusive.	Nos. 2173 to 2222, inclusive.
Nos. 1365 to 1414, inclusive.	Nos. 2289 to 2338, inclusive.
Nos. 1480 to 1529, inclusive.	Nos. 2404 to 2453, inclusive.
Nos. 1596 to 1645, inclusive.	Nos. 2520 to 2569, inclusive.
Nos. 1711 to 1760, inclusive.	Nos. 2635 to 2684, inclusive.
Nos. 1827 to 1876, inclusive.	Nos. 2751 to 2800, inclusive.

and (2) \$700,000, principal amount, of applicant's class-B 6 per cent deferred-lien equipment-trust certificates as hereinafter identified in denomination of \$100,000 and numbered 1 to 7, inclusive. The prior-lien and deferred-lien equipment-trust certificates hereinabove set forth are issued under equipment-trust agreement EE dated October 22, 1920; and executed by the New England Car Company, the applicant, and the Old Colony Trust Company, as trustee, a copy of which agreement is hereto annexed and made a part hereof.

(3) \$660,000, principal amount, of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bond, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, and executed by the applicant to the Bankers Trust Company, of New York, as trustee. Said bond, which is in temporary form without coupons and numbered TB-1, is issued in lieu of and is exchangeable for definitive coupon bonds of the same series and substantially identical in tenor, in the denomination of \$1,000 and numbered BM-1 to BM-660, inclusive.

(b) The loan in respect to additions and betterments, \$8,130,000, shall be made in five installments, namely, one installment of \$5,330,000 and four installments of \$700,000 each; all of said installments shall mature 15 years from October 31, 1920. The loan shall be secured when and as the installments thereof are made, by the pledge of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bonds, issued under an indenture of mortgage, dated December 9, 1920, and executed by the applicant to the Bankers Trust Company of New York, as trustee. Said bonds, which are in temporary form without coupons, are numbered, in principal amounts, and may be pledged as follows:

TB-2, \$6,273,000, to be pledged with first installment of loan, namely -----	\$5,330,000
TB-3, \$823,000, to be pledged with second installment of loan, namely -----	700,000
TB-4, \$823,000, to be pledged with third installment of loan, namely -----	700,000
TB-5, 823,000, to be pledged with fourth installment of loan, namely -----	700,000
TB-6, \$823,000, to be pledged with fifth installment of loan, namely -----	700,000

65 I. C. C.

Said temporary bonds are issued in lieu of and are to be exchanged for definitive bonds of the same series and substantially identical in tenor in denomination of \$1,000, numbered and for principal amounts as follows:

BM-661 to BM 6933.....	\$6, 278, 000 in exchange for TB-2.
BM-6934 to BM 7756.....	823, 000 in exchange for TB-3.
BM-7757 to BM-8879.....	823, 000 in exchange for TB-4.
BM-8580 to BM-9402.....	823, 000 in exchange for TB-5.
BM-9403 to BM-10225.....	823, 000 in exchange for TB-6.

(c) The collateral security for the loan shall not, so long as there shall be no default upon any of the obligations evidencing the loan, include matured interest or other income upon such collateral security.

(d) Applicant may repay all or any part of the loan before maturity, when and as any repayment is made on either part of the loan, the collateral securing that part of the loan shall be released proportionately.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans made under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 7th day of December, 1920, filed with the Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs, discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads in effect at the time the expenditures may be made; (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have

been expended or definitely obligated for the purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States on or before January 1, 1922. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

(g) In event of the failure of the applicant to meet the interest or principal when due of any of the notes or other forms of obligations by which the loan is to be evidenced, or in the event of its failure to meet the interest or principal of any other obligation when due, or in event of the insolvency of the applicant, or in the event of the appointment of a receiver of the applicant or of its property, the whole or any part of the obligation or obligations of the applicant given pursuant to this certificate, with accrued interest thereon, shall mature at the election of the holder thereof upon presentation thereof for payment.

6. That the prospective earning power of the applicant, together with the character and value of the security required, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 15th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 40.

IN THE MATTER OF THE APPLICATION OF THE UNION
PACIFIC RAILROAD COMPANY FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Submitted October 19, 1920. Decided November 18, 1920.

1. Certificate of convenience and necessity issued authorizing the Union Pacific Railroad to extend its line in Scotts Bluff county, Nebr., and Goshen county, Wyo.
2. Carrier authorized to retain excess earnings from extended line for a period not to exceed 10 years.

N. H. Loomis and Herbert DeLacy for Union Pacific Railroad.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Union Pacific Railroad Company, by petition filed August 20, 1920, seeks a certificate of convenience and necessity for the construction and operation of an extension of its line in Scotts Bluff county, Nebr., and Goshen county, Wyo., and for an order, under section 15a, paragraph 18, of the interstate commerce act, permitting applicant to retain earnings derived from such extended line for a period not to exceed 10 years. The case was referred for joint hearing to the Nebraska State Railway Commission and the Public Utilities Commission of Wyoming and the record made before those commissions was returned to us with their recommendation that a certificate of convenience and necessity be granted and applicant be authorized to retain the excess earnings from such extension for a period not to exceed 10 years.

The present North Platte branch of the Union Pacific Railroad extends from applicant's main line near O'Fallons, Nebr., westerly approximately 2 miles beyond Haig, Nebr., forming a sector in a proposed main line between O'Fallons and Medicine Bow, Wyo. The line now proposed would extend the North Platte branch approximately 30.3 miles through Scotts Bluff county to a point in section 6, township 22 north, range 62 west, in Goshen county, and provides a 13.2-mile branch from a point in section 5, township 22 north, range 62 west, to a point in section 25, township 24 north, range 62 west, making a total extension of 43.5 miles, at an estimated cost of approximately \$3,835,000.

The proposed line will serve an agricultural territory now being developed by the construction of the Fort Laramie unit of the North Platte irrigation project of the United States Reclamation Service.

The evidence shows that the construction and operation of this extension is needed to furnish transportation facilities for construction materials required by the government for such irrigation project; that there are at present under irrigation and cultivation 26,685 acres of land tributary to the proposed line; and that it is estimated that by the time construction would be completed there would be 87,685 acres under cultivation. The anticipated development of the territory is stated as follows:

	Area under irrigation and cultivation.	Anticipated popula- tion.
First year	37, 685 acres	140 per mile of line
Second year	46, 229 acres	277 per mile of line
Third year	81, 225 acres	443 per mile of line
Fourth year	134, 606 acres	582 per mile of line
Fifth year	135, 000 acres	748 per mile of line

The estimate as to increase in population is based on the increase on that part of the North Platte branch between North Port and Haig. The following estimate of expected earnings in the operation of the proposed extension is based on the production of the 46,229 acres of irrigated land under cultivation in the same area:

First year	Net deficit...	\$67, 932. 86
Second year	Net deficit...	2, 102. 14
Third year	Net income...	62, 038. 36
Fourth year	Net income...	125, 229. 46
Fifth year	Net income...	134, 733. 46
Total net income for five years		251, 966. 28

This estimate indicates an average net income of approximately \$50,400 for the first five years of operation, or about 1.3 per cent on the estimated cost of production.

The construction of the proposed line could not be justified, either as an independent short line or purely as a branch line, solely on the record showing of estimated earnings of 1.3 per cent for the first five years and 3.5 per cent thereafter on the unusually high estimated cost of nearly \$4,000,000 for the proposed 43.5-mile construction, the apparent convenience and benefit to the surrounding territory notwithstanding. But it appears that the section proposed to be traversed and the land tributary thereto is very fertile, being particularly adapted by soil and climatic conditions to the production of sugar beets; that with irrigation and transportation facilities it will develop rapidly, affording applicant a profitable traffic. It appears further that when this branch is extended to a connection with applicant's present double track near Medicine Bow there will be a material saving to the railroad from the shortened distance and more favorable operating conditions thereby afforded, though such saving will not be directly reflected in the operating results of this branch.

Upon consideration of the record we find that the present public convenience and necessity require the construction and operation of the proposed extension of applicant's line at the present time; and we further find that because of the cost of such extension and the uncertainty of adequate return during the first few years of operation, that applicant should be permitted to retain all of its earnings derived from such extension for a period not to exceed 10 years, such certificate and retention of excess earnings to be conditioned, however, upon the completion of the work of construction on or before the 31st day of December, 1921. A certificate and order to that effect will be issued.

Certificate of Public Convenience and Necessity, and order Authorizing the Retention of Excess Earnings.

Be it known, That on August 20, 1920, the Union Pacific Railroad Company, a common carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate of convenience and necessity for the construction and operation of an extension of its line of railroad in Scotts Bluff county, Nebr., and Goshen county, Wyo., pursuant to the provisions of section 1, paragraph 18, of the interstate commerce act, as amended, and for an order for permission to retain its earnings on such extension for a period not to exceed 10 years, pursuant to section 15a, paragraph 18, of the interstate commerce act.

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy to be filed with, the governor of the state of Nebraska and the governor of the state of Wyoming, and caused notice, together with a copy of said application, to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said extended line of railroad is to be constructed or operated;

That after applicant had made due return to a questionnaire showing facts and circumstances with respect to such proposed extension, and copy thereof had been filed with the said governors, and after due notice to all parties in interest, a joint hearing was held before the Nebraska State Railway Commission and the Public Utilities Commission of Wyoming on October 5, 1920, at Gering, Nebr., at which all parties interested were given opportunity to appear and be heard in the premises;

That on the 13th day of November, 1920, the Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is incorporated herein and made a part hereof.

Now, therefore, upon the record of this proceeding—

The Interstate Commerce Commission hereby certifies, that the present public convenience and necessity require the construction and operation of an extension of the line of the Union Pacific Railroad Company as follows:

Beginning at the end of the present constructed track of the North Platte branch of the Union Pacific Railroad Company at a point about 2.24 miles west of the station of Haig, in section 11, township 22 north, range 56 west, in Scotts Bluff county, Nebr.; extending thence westerly a distance of about 14.06 miles to a point in the west line of the state of Nebraska, said point being in section 33, township 23 north, range 58 west, in Scotts Bluff county, state of Nebraska; thence continuing westerly from said point, which is in section 34, township 23 north, range 60 west, Goshen county, Wyo., a distance of about 16.82 miles, to a point in section 5, township 22 north, range 62 west, in Goshen county, Wyo.; and from a point in the above-described line in section 5, township 22 north, range 62 west, in Goshen county, state of Wyoming, extending northwesterly to Cherry Creek Valley; thence northeasterly down Cherry Creek Valley, ending approximately in section 25, township 24 north, range 62 west, said branch line having a total length of about 18.2 miles.

It is therefore ordered, That the Union Pacific Railroad Company be, and it is hereby, authorized to construct and operate the said extension and to retain for a period not to exceed 10 years all of its earnings derived from said extension in excess of the amount otherwise provided for in section 15a of the interstate commerce act:

Provided, however, That the construction of said extension be completed by the 31st day of December, 1921, and—

Provided further, That the retention of said excess earnings be conditioned upon the segregation of the accounts in connection with the operation of said extension from the remainder of the accounts of the Union Pacific Railroad Company in such manner that the cost of operation and income due to the construction and operation of said extension may be kept entirely distinct from those of the remainder of the Union Pacific Railroad Company, and that the division of earnings between the branch line and the remainder of the Union Pacific line shall be subject to the Commission's approval and correction.

It is further ordered, That tariff publications which may be filed establishing in the first instance rates and fares to and from points on the herein authorized extension shall show a reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 56.

IN THE MATTER OF THE APPLICATION OF THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY AND THE CALIFORNIA, ARIZONA & SANTA FE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ABANDON A BRANCH LINE.

Submitted November 9, 1920. Decided November 13, 1920.

Certificate issued authorizing the abandonment of a branch line of railroad in Arizona.

James L. Coleman for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

This is an application of the Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company, filed pursuant to paragraph (18), section 1 of the interstate commerce act, for a certificate that the present and future public convenience and necessity permit the abandonment of a branch line of railroad, located as described below and being wholly within the county of Yavapai, state of Arizona.

Pursuant to paragraph (19), section 1 of the act, the governor of Arizona was notified of the receipt of the application and furnished with a copy thereof, and due publication of notice was made in the county affected. There was transmitted for the record by the Arizona Corporation Commission a transcript of the evidence and proceedings taken before that body on June 30, 1920, which was made the basis of an order by that commission on July 16, 1920, granting the consent of the state of Arizona to the abandonment herein sought.

Return to our questionnaire was filed by the applicant on October 25, 1920, and the facts therein stated are borne out by testimony taken before the state commission.

In view of the fact that the state of Arizona has already approved the proposed abandonment and the further fact that no representations have been made to us against the same by any interested person or locality, it is not deemed necessary to hold a formal hearing. The record made before the Arizona commission is in evidence, and, in connection with the return to the questionnaire, establishes the uncontroverted facts substantially as follows:

The branch line in question extends from a station called Henrietta to Poland, a distance of approximately 5.9 miles, and is a part of the so-called Big Bug branch, a feeder for the branch line of the Santa Fe extending from Ash Fork to Phoenix, Ariz. The Poland branch was completed in 1902 by the Bradshaw Mountain Railroad Company and in 1912 was acquired and is now owned by the California, Arizona & Santa Fe Railway Company, but is being operated under a lease by the Atchison, Topeka & Santa Fe. To all intents and purposes, therefore, the branch is a part of the Santa Fe system.

The purpose of its construction was solely to serve the Poland mine and the reduction mill operated in connection therewith. This mine, however, ceased operation some time ago, and the mill has been dismantled and all salvage removed. The district around Poland has been prospected for over 20 years, but no paying property has developed, and there is very little ore of any kind taken out at present. There is still in existence a tunnel through the mountain connecting the Poland region with the Walker district, and there is some suggestion in the record that the latter field may develop so as to require an outlet for its product through the tunnel to the branch line in question. At present, however, the tunnel is not in use, and the rails formerly laid down there by the mining company have been taken up. There is no definite statement of the approximate tonnage, if any, that may be available from the Walker district or whether further development there can be predicted with confidence. As regards movement of ores from the district now served, the only possible need for the line arises from the fact that prospecting is still going on in that region, and if paying quantities of ore are taken out it will be very inconvenient and somewhat expensive to haul the same 6 miles by truck. There is nothing in the record, however, upon which to predicate any definite need for the service at the present time. There are in the vicinity no industrial or agricultural interests, or any activities of any sort except prospecting, and no others are to be anticipated, owing to the general topography of the region and the entire absence of productive soils. No industries or activities exist at any point along the 5.9 miles of line, and there are not to exceed 20 people in the region served.

On behalf of the applicant it is shown that it would cost approximately \$34,000 to put the branch in safe condition for operation. Most of the ties are unfit for further use and the bridges require extensive repairs. The total revenues of the branch for a period of 18 months, from September, 1918, to February, 1920, as shown by the applicant's books, were \$1,218.34, which figure was obtained by allocating the earnings to the branch on a mileage basis. By the same method the operating expenses for that period are shown to be

\$5,194.44, not including taxes, depreciation, or interest charges. A considerable part of the earnings during that period was derived from the outbound movement of the salvage from the mill above referred to. There is no ground for anticipating that any substantial volume of traffic will be available in the future.

At the hearing before the Arizona commission it was suggested and agreed to by the applicant that the bridges and roadbed might be left in place and improved by the county so as to form a highway for hauling such material as might require an outlet to Henrietta, and since the hearing the local authorities have sold road bonds and now will, in the opinion of the state commission, make the necessary expenditures for surfacing the road in question. It is believed that any possible traffic can be conveniently moved over this highway.

The facts present a clear case, indicating that there is now no public need to be served by the continued operation of the branch. If railroad facilities serve no useful purpose, if there is no transportation need to be met, such facilities may be withdrawn without serious injury or inconvenience to the public.

On the facts presented we find that the present and future public convenience and necessity permit the abandonment of the branch line as proposed in the application. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known that on the 3d day of September, 1920, the Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company, carriers subject to the interstate commerce act, filed with the Interstate Commerce Commission their application for a certificate of public convenience and necessity to abandon a branch line of railroad in Yavapai county, state of Arizona, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1, of the interstate commerce act as amended;

That upon receipt of such application the Commission caused notice thereof to be given to and a copy filed with the governor of the state of Arizona, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in and through which said line of railroad is constructed and operates;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed abandonment;

65 I. C. C.

That thereafter the case was submitted for decision upon such return and upon the record made before the Arizona Corporation Commission in proceedings brought by said carriers for an order authorizing the abandonment of said branch line, and upon the order of said corporation commission consenting to such abandonment;

That on the 13th day of November, 1920, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof;

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth:

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity permit the abandonment by the Atchison, Topeka & Santa Fe Railway Company and the California, Arizona & Santa Fe Railway Company of that part of their branch line of railroad beginning at the station called Henrietta and extending west to the station called Poland, a distance of 5.9 miles, all in the county of Yavapai, state of Arizona.

Said companies are hereby authorized to abandon the operation of said line and to remove the tracks thereof and to dismantle all or any part of the structures owned and used by them in connection with such operation, to dispose of all salvage in such manner as may best serve the interests of the stockholders, and to make such disposition of the right of way as may be lawful and proper.

Said Atchison, Topeka & Santa Fe Railway Company, when making application to the Commission for cancellation of tariffs, shall refer to this certificate by title, date, and docket number

65 L. C. C.

FINANCE DOCKET No. 99.

IN THE MATTER OF THE APPLICATION OF THE GULF, MOBILE & NORTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE GOLD BONDS, TO PLEDGE A PART AS SECURITY, AND TO HOLD PART IN ITS TREASURY TO BE USED FROM TIME TO TIME.

Submitted November 11, 1920. Decided November 15, 1920.

Authority granted (1) to issue \$4,000,000 of first-mortgage 6 per cent gold bonds, series A, to be dated October 1, 1920, and to mature October 1, 1950, under the terms of a certain proposed mortgage; (2) to pledge and repledge \$816,000 thereof as security for promissory notes to be given in renewal of certain outstanding bank loans; (3) to pledge \$1,030,000 thereof with the Secretary of the Treasury as security for a loan of \$515,000 from the United States; (4) to pledge \$960,000 thereof as security for an indebtedness of \$480,000 to the United States to be funded by the Director General of Railroads; (5) to hold \$1,194,000 thereof in the applicant's treasury, to be pledged from time to time in whole or in part, to secure short-term notes, for the issue of which the authority of this Commission is not required.

Beekman, Menken & Griscom for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Gulf, Mobile & Northern Railroad Company, herein termed the applicant, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act (1) to issue \$4,000,000 of first-mortgage 6 per cent gold bonds, series A, herein called series-A bonds; (2) to pledge and repledge from time to time \$816,000 thereof as security for proposed promissory notes in the aggregate face amount of \$408,000, to be given by the applicant in renewal of certain outstanding bank loans and as security for any subsequent renewals, if the same shall be made, in whole or in part of any such promissory note or notes; (3) to pledge \$1,030,000 thereof as security for a loan from the United States in the sum of \$515,000 under section 210 of the transportation act, 1920, as amended; (4) to pledge \$960,000 thereof as security for an indebtedness of \$480,000 from the applicant to the United States, to be funded by the Director General of Railroads; and (5) to hold \$1,194,000 thereof in the applicant's treasury and to pledge and

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repledge the same from time to time as security for any note or notes hereafter to be issued by the applicant, maturing not more than two years after the date thereof and aggregating, together with all other then outstanding notes of a maturity of two years or less, not more than 5 per cent of the par value of the securities of the applicant then outstanding.

The applicant proposes to execute and deliver to the United States Mortgage & Trust Company, as trustee, a first mortgage, to bear date of October 1, 1920, covering all the property now owned or hereafter to be acquired by the applicant. A copy of the proposed mortgage has been filed with the application. This mortgage will secure bonds in the aggregate amount of \$15,000,000, to be issued by the applicant, of which \$4,000,000, for the issue of which authority is now asked, according to section 15 of article I, may be used by the applicant for any of its lawful corporate purposes.

The applicant has expended the sum of \$3,775,779.27 for additions and betterments during the period from December 31, 1916, to July 31, 1920. It intends to expend the proceeds of the loan of \$515,000 for new equipment and other additions and betterments, making the total of such expenditures \$4,290,779.27.

Bank loans, aggregating \$408,000, are outstanding as follows: United States Mortgage & Trust Company, \$300,000; Scott & Stringfellow, \$53,000; Mercantile Trust & Deposit Company, \$55,000. It is proposed to renew each and all of said loans on maturity by issuing the applicant's promissory notes in the same amounts and to the same holders, respectively. Such notes will mature within two years; and it appears that such notes, together with all other outstanding notes of the applicant of a maturity of two years or less, aggregate less than 5 per cent of the par value of the securities of the applicant outstanding at the date of this application. The applicant desires authority to pledge, as security for such notes, \$816,000 of series-A bonds.

We have heretofore approved the making of a loan of \$515,000 to the applicant by the United States, under section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with new equipment and making additions and betterments to existing equipment and to way and structures. Authority is desired by the applicant to pledge \$1,030,000 of series-A bonds with the Secretary of the Treasury as security for said loan.

The applicant is indebted to the United States in the sum of \$480,000. It is proposed that this indebtedness be funded by the Director General of Railroads and that, to secure the same, \$960,000 of series-A bonds be pledged with him.

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It is proposed that the remainder, or \$1,194,000, of series-A bonds shall be retained in the applicant's treasury and pledged and repledged from time to time as security for short-term notes which may be lawfully issued by the applicant pursuant to paragraph 9 of section 20a of the interstate commerce act, and as security for renewals, in whole or in part, of such notes.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of \$4,000,000 of first-mortgage 6 per cent gold bonds, series A, the pledge and repledge from time to time of \$816,000 thereof to secure proposed promissory notes of the applicant renewing its outstanding bank loans and to secure renewals, in whole or in part, of any such promissory note or notes, the pledge of \$1,130,000 thereof with the Secretary of the Treasury, the pledge of \$960,000 thereof with the Director General of Railroads, and the pledge, from time to time, of \$1,194,000 thereof, in whole or in part, to secure short-term notes, lawfully issued pursuant to paragraph 9 of section 20a of the interstate commerce act, and to secure renewals, in whole or in part, of any such note or notes (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Gulf, Mobile & Northern Railroad Company be, and it is hereby, authorized (1) to issue as of the date of October 1 1920, \$4,000,000 of first-mortgage gold bonds, series A, the same to be issued under and pursuant to, and to be secured by, the proposed first mortgage, to be dated October 1, 1920, and made by the applicant to the United States Mortgage & Trust Company; the bonds to bear interest at the rate of 6 per cent per annum, payable semi-

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annually, on the 1st days of April and October in each year, the first installment of interest to be payable April 1, 1921, and the principal thereof to be payable on October 1, 1950; these bonds to be issued as coupon bonds and registered bonds, in the forms submitted with the application, to be redeemable, and to be exchangeable between coupon bonds and registered bonds the coupon bonds also to be registrable, as to principal only, all as provided in said mortgage; (2) to pledge and repledge, from time to time, \$816,000 of such bonds as security for promissory notes, in the aggregate face amount of \$408,000, to be given in renewal of the following outstanding bank loans: United States Mortgage & Trust Company, \$300,000; Scott & Stringfellow, \$53,000; Mercantile Trust & Deposit Company, \$55,000; and as security for renewals, in whole or in part of any such promissory note or notes; (3) to pledge \$1,030,000 of said bonds with the Secretary of the Treasury as security for a loan of \$515,000 to applicant by the United States, under section 210 of the transportation act, 1920, as amended; (4) to pledge \$960,000 of said bonds with the Director General of Railroads as security for an indebtedness from the applicant to the United States in the sum of \$480,000, which is to be funded by him; and (5) to pledge and repledge, from time to time, all or any part of the remainder, or \$1,194,000 of said bonds as security for any note or notes hereafter issued by the applicant pursuant to paragraph 9 of section 20a of the interstate commerce act, maturing not more than two years after the date thereof and aggregating, together with all other then outstanding notes of a maturity date of two years or less, not more than 5 per cent of the par value of the securities of the carrier then outstanding, the pledge of said bonds as security for such note or notes to be in not exceeding the same proportional amounts as the other pledges of bonds hereinbefore authorized, namely, in the proportion of not exceeding \$2, principal amount, of bonds for each \$1 of the face amount of such note or notes.

It is further ordered, That said first-mortgage 6 per cent gold bonds, series A, herein authorized to be issued and pledged, shall not, until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant except as authorized in this order.

It is further ordered, That said applicant shall make report to the Commission of the issue and pledge of bonds, as herein authorized, within 10 days after the same shall have been so issued and pledged, and of the release thereof from any such pledge within 10 days after each or any of said bonds shall have been so released.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1088.

IN THE MATTER OF THE APPLICATION OF THE WHEEL-
ING & LAKE ERIE RAILWAY COMPANY FOR A LOAN
FROM THE UNITED STATES TO MEET MATURING
INDEBTEDNESS AND FOR OTHER PURPOSES.

Submitted November 5, 1920. Decided November 15, 1920.

Application granted and loan of \$500,000 approved.

W. M. Duncan for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wheeling & Lake Erie Railway Company, a carrier by rail-
road, subject to the interstate commerce act, hereinafter referred to
as the applicant, on November 5, 1920, made application to the Inter-
state Commerce Commission for a loan from the United States in
accordance with section 210 of the transportation act, 1920; as
amended.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$500,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be
applied are to aid the applicant in meeting its maturing indebted-
ness, as follows:

Securities.	Maturity.	Amount.	Financed by applicant.	Loan from United States.
Equipment gold notes.....	Dec. 15, 1920	\$140,000	.....	.....
National equipment trust note.....	Jan. 15, 1921	305,300	.....	.....
Receivers' equipment certificates, series A.....	Mar. 1, 1921	101,000	.....	.....
Equipment-trust certificates, series B.....	Apr. 1, 1921	482,000	.....	.....
Total.....	.....	1,028,300	\$508,300	\$500,000

4. Its present and prospective ability to repay the loan and to
meet its obligations in regard thereto.

5. That the security offered is \$800,000 of applicant's refunding-
mortgage 5 per cent bonds, series B.

6. That the extent to which the public convenience and necessity
will be served by the loan is that the applicant will be enabled to
meet its maturing indebtedness and thereby restore its credit.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

After investigation we find that the making of the proposed loan by the United States, for the purposes and in the amount hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 59 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$500,000 by the United States to the Wheeling & Lake Erie Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$500,000.

4. That the time from making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$800,000, principal amount, of applicant's refunding-mortgage 50-year series-B 5 per cent gold bonds, due 1966, issued under an indenture of mortgage dated September 1, 1916, executed by the applicant to the Central Trust Company of New York, trustee. Said bonds are in temporary

form, without coupons, exchangeable for definitive coupon bonds of the same series and aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared. Said temporary bonds are in denominations, principal amounts, and are numbered as hereinbelow set forth :

Bond Nos.—	Number of bonds.	Denomination.	Principal amount.
T-37 to T-43.....	7	\$20,000	\$140,000
T-98 to T-104.....	12	20,000	240,000
T-158.....	1	3,000	3,000
T-164 and T-165.....	2	50,000	100,000
T-185.....	1	1,000	1,000
T-190 to T-195.....	6	1,000	6,000
T-205 to T-211.....	7	10,000	70,000
T-220 and T-221.....	2	25,000	50,000
T-222 to T-224.....	3	5,000	15,000
T-260.....	1	10,000	10,000
T-281 to T-288.....	8	20,000	160,000
T-289.....	1	5,000	5,000
Total.....			800,000

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security. The Secretary of the Treasury shall not, prior to default upon the obligation evidencing the loan, collect the interest upon said bonds, but shall remit to the applicant any such interest paid to him and shall surrender to the applicant the coupons of the said bonds as they mature.

(c) Applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States, for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 6th day of January, 1921, filed with the Interstate Commerce Commission, to the following condition: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the

Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan as the Commission may designate shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 10th day of January, 1921.

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FINANCE DOCKET No. 1063.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE FIRST AND REFUNDING MORTGAGE BONDS.

Submitted October 26, 1920. Decided November 15, 1920.

1. Authority granted to issue not exceeding \$80,000,000 of first and refunding mortgage gold bonds, series A, and to pledge all or part of same as security for note or notes to be issued by applicant under section 207 of the transportation act, 1920.
2. Authority granted to issue not exceeding \$15,000,000 of first and refunding mortgage gold bonds, series B, and to pledge all or part of same as security for loan or loans to applicant by the United States under section 210 of the transportation act, 1920, as amended.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4

The New York, New Haven & Hartford Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act, (1) to issue not exceeding \$80,000,000 of first and refunding mortgage gold bonds, series A, and to pledge all or part of same as security for a promissory note or notes to be issued by the applicant under section 207 of the transportation act, 1920; and (2) to issue not exceeding \$15,000,000 of first and refunding mortgage gold bonds, series B, and to pledge all or part of same with the Secretary of the Treasury for a loan of \$8,180,000 to the applicant by the United States, under section 210 of the transportation act, 1920, as amended.

The applicant proposes to execute and deliver to the Bankers Trust Company an indenture of mortgage or deed of trust, covering substantially all of its rights, properties, privileges, and franchises for the purpose of equally and ratably securing applicant's first and refunding mortgage gold bonds to be issued thereunder. The proposed mortgage or deed of trust, a copy of the third draft of which is filed with the application, authorizes the issue of not exceeding \$80,000,000 of such bonds, to be designated as series A. These bonds are to be dated November 1, 1920, to mature October 31, 1930, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of May and November in each year.

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In the proposed mortgage or deed of trust there is a provision under which the applicant covenants that said bonds shall be used in such amounts and for such terms and in such manner as may be required by the Director General of Railroads in connection with the funding of applicant's indebtedness to the United States incurred during the period of federal control.

The issue of \$15,000,000 of said first and refunding mortgage gold bonds, to be designated as series B, is also authorized by the proposed mortgage or deed of trust. These bonds are to be dated November 1, 1920, to mature October 31, 1935, and to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of May and November in each year. As to these bonds, the proposed mortgage or deed of trust contains a provision under which the applicant covenants that said bonds shall be used in such amounts and for such term and in such manner as shall be required by the Interstate Commerce Commission in furnishing adequate security to the United States for any loan or loans that may be made to the applicant under the terms of section 210 of the transportation act, 1920, as amended.

The applicant represents that the series-A bonds are to be used (1) for the purpose of securing its note or notes to be issued under section 207 of the transportation act, 1920, for the purpose of funding its indebtedness incurred during the period of federal control, which indebtedness is now represented by a note of the applicant in the face amount of \$43,026,500, the same being by its terms payable to the Secretary of the Treasury on April 15, 1920, but which has since that date been carried as a demand note, it having been acquired by the United States under the provisions of the federal control act; and (2) for the purpose of refunding the indebtedness of the applicant to the United States incurred for additions and betterments made by the Director General during the period of federal control, properly chargeable to capital account, aggregating approximately \$17,000,000. The issue of the series-B bonds is desired so that they will be available for pledge with the Secretary of the Treasury as security for any loan or loans to the applicant from the United States, approved by us under the provisions of section 210 of the transportation act, 1920, as amended.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to and a copy thereof filed with the governors of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and pledge of said first and refunding mortgage gold bonds, series A, in a principal amount not exceeding \$80,000,000, and series B in a principal amount not exceeding \$15,000,000 (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof.

It is ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized (1) to issue as of the date of November 1, 1920, not exceeding \$80,000,000 of its first and refunding mortgage gold bonds, series A; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of May and November in each year, to mature October 31, 1930, and to be issued under, and to be secured by, a proposed indenture of mortgage or deed of trust to be made by the applicant to the Bankers Trust Company; said bonds to be substantially in the form set forth in the third draft of said proposed indenture of mortgage or deed of trust filed with the application; and (2) to pledge all or part of said bonds as security for any note or notes or other evidence of indebtedness that may be issued by the applicant under section 207 of the transportation act, 1920, covering indebtedness of the applicant to the United States incurred or payable under the provisions of the federal control act, or of the transportation act, 1920, or both, as set forth in the application.

It is further ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized (1) to issue, as of the date of November 1, 1920, not exceeding \$15,000,000 of its first and refunding mortgage bonds, series B; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of May and November in each year, to mature October 31, 1935, and to be issued under, and to be secured by, said proposed indenture of mortgage or deed of trust; said bonds to be substantially in the form set forth in the third draft thereof filed with the application; and (2) from time to time to pledge all or part of said bonds as

security for a loan or loans to the applicant by the United States, approved by this Commission under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the bonds herein authorized to be issued and pledged, shall not, until otherwise ordered by the Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant except as authorized in this order.

It is further ordered, That the applicant shall make report to the Commission of the issue and pledge of bonds, as herein authorized, within 10 days after the same shall have been so issued and pledged, and of the release thereof from pledge within 10 days after the same shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 929.

**IN THE MATTER OF THE APPLICATION OF THE BOSTON
& MAINE RAILROAD FOR A LOAN FROM THE UNITED
STATES TO AID IN PROVIDING NEW EQUIPMENT
AND OTHER ADDITIONS AND BETTERMENTS.**

Submitted October 16, 1920. Decided November 20, 1920.

Application granted in part and loan of \$6,656,479 approved.

J. H. Hustis for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

DIVISION 4:

The Boston & Maine Railroad, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in providing itself with new equipment and in making additions and betterments to existing equipment and to way and structures. The application was amended July 8, 1920.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$8,041,255.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment and additions and betterments as hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan by United States.
New equipment:			
25 eight-wheel switching locomotives.....	\$1,425,000		
10 Santa Fe type freight locomotives.....	800,000		
8 Pacific type passenger locomotives.....	515,200		
2 Mallet type hump-switching locomotives.....	200,000		
Total new equipment.....	2,940,200	1,470,100	1,470,100
Additions and betterments to existing equipment.....	1,751,038		1,751,038
Additions and betterments to way and structures.....	4,819,463		4,819,463
Grand total.....	9,511,355	1,470,100	8,041,255

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the collateral security offered is applicant's general-mortgage 6 per cent gold bonds, in a principal amount equal to the amount of loan.

6. The extent to which the public convenience and necessity will be served is that the additional equipment and facilities to be provided with the proceeds of the loan will enable the applicant to handle its prospective business efficiently and economically and in the interest of public safety.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of a loan to the applicant of \$1,245,000 for new freight locomotives, \$1,036,490 for additions and betterments to existing equipment, \$4,002,611 for additions and betterments to way and structures—total, \$6,284,101.

The following items have been eliminated from the application, as not coming within the limitations of the Commission's circular of June 7, 1920, announcing the principles by which the Commission would be governed in administering the fund created by section 210 of the transportation act, 1920, as amended.

Items.	Budget.	Amount.
Passenger locomotives.....		\$257, 800
Additions and betterments to passenger equipment.....		364, 062
Additions and betterments to way and structures as follows:		
Roadway protection at Bethlehem, N. H.....	15	1, 395
Bridges, trestles, and culverts at—		
Clinton, Mass.....	27	1, 500
East Gardner, Mass.....	26	12, 125
East Billerica, Mass.....	50	1, 000
Boston, Mass.....	430	195, 650
Gerrish, N. H.....	449	225
Cardigan, N. H.....	451	5, 064
Franklin, N. H.....	474	2, 013
Franklin, N. H.....	475	4, 550
Lebanon, Me.....	500	98
Grammere Junction, N. J.....	510	95
Antrim, N. H.....	515	45
Hannicker, N. H.....	511	1, 630
Overhead highway crossings.....	(1)	125, 326
Crossing protection.....	(2)	19, 877
Freight and passenger stations.....	51	23, 530
Y. M. C. A. buildings.....	(1)	167, 769
Shops and engine houses, toilet facilities.....	690	5, 000
Total.....		1, 194, 174

¹ All items.

² All items except 69.

After investigation, we find that the making in part of the proposed loan by the United States to the applicant for the purposes and in the amounts herein below indicated:

Purposes.	Estimated cost.	Financed by applicant.	Loan by United States.
New equipment:			
25 0-8-0-type switch engines.....	\$1, 425, 000		
10 Santa Fe type freight locomotives.....	800, 000		
20-8-8-0-type Mallet hump switchers.....	200, 000		
Total new equipment.....	2, 425, 000	\$1, 212, 500	\$1, 212, 500
Additions and betterments to existing freight equipment.....	1, 387, 631		1, 387, 631
Additions and betterments to way and structures:			
Roadway protection.....	222, 387		
Bridges, trestles, and culverts.....	1, 290, 895		
Crossing protection.....	17, 218		
Signals and interlockers.....	11, 678		
Water stations.....	12, 286		
Rails.....	118, 000		
Power distribution systems.....	6, 000		
Yard tracks and sidings.....	391, 123		
Freight and passenger stations.....	128, 678		
Shops, enginehouses, etc.....	1, 556, 085		
Grain elevators.....	1, 008		
Total additions and betterments.....	4, 056, 348		4, 056, 348
Grand total.....	7, 868, 979	1, 212, 500	6, 656, 479

is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself from other sources with funds necessary for aforesaid purposes.

An appropriate certificate will be issued.

Certificate No. 45 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$6,656,479 in two parts, as hereinafter set forth, by the United States to the Boston & Maine Railroad, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new equipment and in making additions and betterments to existing equipment and to way and structures is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan, which is to be made in two parts, is \$6,656,479; one part to be in the amount of \$1,212,500, to aid the applicant in providing itself with new equipment; the other part to be in the amount of \$5,443,979, to aid the applicant in making additions and betterments to existing equipment and to way and structures.

4. That the time from the making thereof within which the part of the loan in the amount of \$1,212,500 is to be repaid in full is January 1, 1929, and the time from the making thereof within which the part of the loan in the amount of \$5,443,979 is to be repaid in full is November 1, 1930.

5. That the terms and conditions of the loan, which shall be made in two parts, including the security to be given for repayment, are:

(a) The part of the loan in respect to equipment, amounting to \$1,212,500, shall mature January 1, 1929, and shall be secured by applicant's general-mortgage 6 per cent series-G gold bond, due January 1, 1929, numbered 1, for a principal amount equal to the amount of this part of the loan; said bond may be received by the Secretary of the Treasury as a direct obligation for the loan.

(b) The other part of the loan in respect to additions and betterments, namely, \$5,443,979, shall mature November 1, 1930, and shall be secured by applicant's general-mortgage 6 per cent series-H gold bond, due November 1, 1930, numbered 1, for a principal amount equal to the amount of this part of the loan; said bond may be received by the Secretary of the Treasury as a direct obligation for the loan.

(c) The bonds to be issued as security for the loan, as set forth in subparagraphs (a) and (b) of paragraph 5 hereof, shall be in temporary form exchangeable for definitive bonds of the same series, aggregate principal amount, and otherwise as said temporary bonds, in the manner and subject to the provisions of an indenture of mortgage or deed of trust, dated December 1, 1919, executed by the applicant to the Old Colony Trust Company, of Boston, Mass., and S. Parkman Shaw, jr., as trustees.

(d) The applicant has agreed in an instrument in writing, dated the 23d day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads in effect at the time the expenditures may be

made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the applicant shall purchase at par and accrued interest from the United States all or such amount of its bonds issued in connection with this loan as the Commission may designate.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnished, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 24th day of November, 1920.

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FINANCE DOCKET No. 2.

IN THE MATTER OF APPLICATIONS FOR LOANS UNDER SECTION 210 OF THE TRANSPORTATION ACT, 1920, AS AMENDED—INABILITY OF CARRIERS TO SECURE NECESSARY FUNDS FROM OTHER SOURCES.

Submitted September 23, 1920. Decided November 22, 1920.

The inability contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, as amended, is a practical inability to be determined upon the facts of each case. Such facts should be furnished by applicants.

A. P. Thom for Southern Railway Company, Northern Pacific Railway Company, and Atchison, Topeka & Santa Fe Railway Company; *Samuel Rea* for Pennsylvania Railroad system; *A. H. Harris* for New York Central Railroad Company; *Blewett Lee* for Illinois Central Railroad Company; and *M. L. Bell* for Minneapolis & St. Louis Railroad Company and Chicago, Rock Island & Pacific Company.

George Whitney for J. P. Morgan & Company and *F. J. Lisman* for Lisman & Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The matter of loans from the revolving fund created by paragraph (e) of section 210 of the transportation act, 1920, to carriers by railroad subject to the interstate commerce act being under consideration, we issued on September 16, 1920, an order for a hearing on September 23, 1920, in the matter of the proper interpretation of paragraphs (a), (b), and (c) of section 210, as amended by section 5 of the sundry civil appropriations act, June 5, 1920, particularly the finding required by the concluding clause in paragraph (b) as thus amended. to wit:

that the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

It was urged on behalf of the carriers and others who appeared before us that—

(1) The legislative intent of section 210 of the transportation act, 1920, was to aid the railroads of the country in increasing their equipment and other facilities as rapidly as possible and thereby enable them properly to serve the public, during the transition period immediately following the termination of federal control.

(2) The legislative intent in the requirement of a finding "that the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources," was to give preference to the financially weak railroads; but if for any reason the weaker railroads can not or do not avail themselves of the preference, the fund would be available to the stronger lines, pursuant to the general purposes of section 210.

(3) If the financially strong railroads can not obtain funds from the general investing public without paying an excessive rate of interest or submitting to some other unduly burdensome condition or taking a risk in respect of their financial structures, not justifiable in the exercise of a sound business and financial discretion, it would be clear that such railroads are unable to provide themselves with the funds necessary from other sources, and in such cases, we would be justified, upon a proper showing by the applicant, in making the finding required by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, as amended, namely, "that the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources."

It was undoubtedly the legislative intent that the railroads should be enabled, through loans made under section 210 of the transportation act, 1920, as amended, expeditiously to move the commerce of the country, to meet maturing capital obligations and otherwise properly to serve the public during the transition period of two years immediately following the termination of federal control.

The majority of the railroads would not be unable to obtain funds on some terms, provided they agreed to burden themselves and their patrons for a term of years with unusual and excessive rates of interest. The rate of interest which an individual railroad may be required to pay is the market rate for a railroad of its class.

Under a literal interpretation of the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, as amended, the majority of railroads would be unable to qualify for loans. The remainder of the railroads, while able to make the showing that they are unable to obtain funds from other sources, generally can not make the further showing required by the statute that—

the prospective earning power and the character of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

Under these conditions it would be practically impossible to make any loans, and section 210 of the transportation act, 1920, as amended, would be reduced to a nullity.

In order to give force and effect to the statute, the inability to obtain funds from other sources must be construed as an inability to secure funds upon terms which the carrier with due regard for the public interest would be justified in accepting, and it must be held

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that an excessive rate of interest or other unduly burdensome or injurious conditions which the exercise of sound business discretion will not permit constitute inability, within the meaning of the statute, to obtain funds from other sources.

We find that inability to obtain funds from other sources contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, as amended, is not an absolute inability, but a practical inability or inability within the exercise of sound business discretion in the public interest to be determined by the consideration of the facts of each particular case. Complete and concrete statements of such facts should be furnished by applicants showing their efforts to obtain the necessary funds from other sources and the result of such efforts and if they have already employed their credit, how a further recourse thereto would affect them.

65 I. O. O.

FINANCE DOCKET No. 28.

IN THE MATTER OF THE APPLICATION OF THE PERE MARQUETTE RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ABANDON A LINE OF RAILROAD IN MICHIGAN.

Submitted November 18, 1920. Decided November 24, 1920.

Certificate issued authorizing the abandonment of a branch line of railroad in Kalkaska county, Mich.

John C. Bills for the Pere Marquette Railway Company.

Sheridan F. Masters and *Clare Retan* for the state of Michigan and Michigan Public Utilities Commission.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

This is an application by the Pere Marquette Railway Company, filed pursuant to paragraph (18), section 1 of the interstate commerce act, for a certificate that the present and future public convenience and necessity permit the abandonment of a branch line of railroad operated by the applicant and extending from Rapid City to Kalkaska, in Kalkaska county, Mich., a distance of approximately 11.47 miles.

An answer was filed by the Michigan Public Utilities Commission, on behalf of the people of the state of Michigan, representing, in substance, that the applicant is a corporation organized under the laws of Michigan, and as such is amenable to the statutes of that state; that such statutes vest in the Michigan Public Utilities Commission full control and supervision over the corporate transactions of the applicant with respect to matters having to do with purely intrastate business, and provide, among other things, that no common carrier shall abandon any portion of its main line of track except by permission of the Michigan commission, obtained in the manner therein specified; and that inasmuch as the line proposed to be abandoned lies wholly within the state of Michigan, such permission for abandonment is a condition precedent to the granting of any certificate in this proceeding.

At the hearing the position of the state of Michigan, as stated on the record, was that there is a concurrent control which should be exercised in the matter; that the railroad is engaged in intrastate as

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well as interstate commerce, and that before the line in question can be abandoned an application for permission to abandon must also be made to the state commission.

On the merits of the application the following are the material facts: The branch line in question was built in 1897 as a part of a line called the Grand Rapids, Kalkaska & Southeastern Railroad, extending from Rapid City to Stratford, a distance of 33 miles. This railroad was built for the purpose of taking out pine timber belonging to the Thayer Lumber Company, located near Stratford. There were no donations of any kind or state grants of right of way. The line was immediately leased to the Chicago & West Michigan Railroad Company, which, in 1900, was merged with the Pere Marquette, and in 1903 the latter acquired the entire capital stock of the Grand Rapids, Kalkaska & Southeastern, paying therefor at the rate of \$8,000 per mile in bonds of the Pere Marquette. In 1915 that part of the track between Stratford and Spencer was taken up, and in 1918 the portion between Spencer and Kalkaska was dismantled, leaving the present mileage between Kalkaska and Rapid City in operation. The legal title to the line now rests in the Grand Rapids, Kalkaska & Southeastern, which corporation has, by resolution of its board of directors, joined in the present application. There are no bonds or other evidences of indebtedness resting on the branch itself, except the lien of the Pere Marquette first mortgage, secured in part by the pledge of the capital stock of the Grand Rapids, Kalkaska & Southeastern. The proceeds of sale of the salvage from the line, estimated at about \$30,000, will become subject to the lien of the mortgage, and thus the security will be in no wise impaired by dismantling the line. There is no indebtedness outstanding against the line, all deficits arising from operation having been absorbed in the accounts of the Pere Marquette system as a whole.

During federal control operation of this branch was partially discontinued and the service carried on since that time has been irregular, being confined for the most part to an occasional movement of timber products and potatoes, consigned to points both within and without the state of Michigan. The timber tributary to the branch has been cut and all operations in that industry have practically ceased.

The territory immediately adjacent to Rapid City is good farming country, but as the branch is followed toward Kalkaska the country becomes rough and unproductive, so that for most of the distance very little agricultural development exists or is possible in the future. There are three flag stops between Rapid City and Kalkaska, but at none of them is any agent or caretaker employed.

An occasional inbound shipment is unloaded and a few agricultural products are loaded at those points. At a station called Rugg, there has been some shipment of potatoes in carload lots, but Rugg is located only 5.4 miles from Rapid City and the highway is of gravel and down grade all the way. There is no town or business activity at any point between the termini. Such agricultural products as originate along the line would normally be hauled either to Rapid City or Barkers Creek on the Pere Marquette, or to a station on the Grand Rapids & Indiana, over graded and improved highways running parallel to the branch. At no point now served does the wagon haul to another line of railroad exceed 6 miles. The main line of the Pere Marquette passes through Rapid City in a southerly course, and Kalkaska is served by the Grand Rapids & Indiana, a part of the Pennsylvania system.

The population of Kalkaska county has suffered a decrease of about 33 per cent in the last 10 years, due mainly to the cessation of lumbering operations. The record discloses no opposition to the removal of the line by any person in the locality affected. The branch serves no industry or shipper at Kalkaska and has no connection with the rails of the Grand Rapids & Indiana at that point. The latter line furnishes the logical route for shipments in and out of Kalkaska.

The applicant estimates that capital expenditures and deferred maintenance to the amount of \$20,000 would be necessary to put the branch in safe condition for operation at this time, the principal item being renewal of ties, and that the out-of-pocket cost of moving one mixed train per day each way would be about \$40. The operating revenues, on the other hand, would be practically nothing, it is contended, for the reason that there is very little traffic available. In support of this assertion the records for the last three months of the year 1919 are offered, showing shipments of 18 carloads and about 37 tons of less-than-carload freight. The carload shipments consisted of potatoes outbound and hay inbound. Total Pere Marquette revenues from this traffic were \$1,723.26, of which amount \$95.49 is allocated to the branch on a mileage pro rate basis. During the same period 87 passengers, or an average of less than one per day, were transported over the branch, the revenue accruing therefrom being \$27.20. This showing is considerably below that of the three months ending July 31, 1918, for which period, according to the books, the branch made freight earnings of \$1,046.27, of which \$959.09 was derived from shipment of forest products. Of the total earnings, the sum of \$987.09 accrued at Kalkaska station, and only \$59.18 at other points on the branch. During the first 10 days of July, 1918, the branch carried 47 passengers, earning on that traffic

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the sum of \$10.64. The proof thus indicates that the volume of traffic, both freight and passenger, is constantly decreasing.

It is apparent that with the cutting of the timber in that region, the traffic on the branch has diminished to the point where practically no business is available, and that there is no prospect of industrial or agricultural development in the territory to create any need for the line in the future. There being no transportation need to be met, there is no warrant for requiring continued operation at a loss such as has been experienced in the past.

We therefore find that the present and future public convenience and necessity permit the abandonment by the applicant of its branch line of railroad above described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That on the 21st day of July, 1920, the Pere Marquette Railway Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate of public convenience and necessity to abandon a branch line of railroad in Kalkaska county, state of Michigan, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1, of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of Michigan, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in and through which said line of railroad is constructed and operates;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed abandonment;

That a public hearing was held on said application on due notice to all interested parties, including the state of Michigan, and all such parties were given an opportunity to be heard;

That on the 24th day of November, 1920, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part thereof;

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth:

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity permit the abandonment by the Pere Marquette Railway Company of its branch

line of railroad extending from the village of Rapid City to the village of Kalkaska, a distance of 11.47 miles, all in the county of Kalkaska and state of Michigan.

Said company is hereby authorized to abandon the operation of said line and to remove the tracks thereof, and to dismantle all or any part of the structures owned or used by it in connection with such operation; to dispose of all salvage in such manner as may best serve the interests of the stockholders and other persons or corporations concerned, and to make such disposition of the right of way as may be lawful and proper.

Provided, however, that before discontinuing service, either freight or passenger, on said line, said company shall give to the public not less than 15 days' notice of the date upon which operations will cease, by posting such a notice in a public place in its railroad station at Rapid City and at Kalkaska.

Said Pere Marquette Railway Company, when making application to the Commission for cancellation of tariffs, shall refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 1077.

IN THE MATTER OF THE APPLICATION OF THE JACKSONVILLE TERMINAL COMPANY FOR AUTHORITY TO ISSUE FROM TIME TO TIME PROMISSORY NOTES IN RENEWAL OF OUTSTANDING NOTES, AND TO EXECUTE AN ADDITIONAL PROMISSORY NOTE.

Submitted November 19, 1920. Decided November 24, 1920.

1. Authority granted to issue from time to time, during a period of not exceeding two years, promissory notes for \$100,000 and \$87,500, in renewal, respectively, of certain outstanding promissory notes for like amounts.
2. Consideration of other matters for which authority is asked, deferred.

George B. Elliott, for applicant

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Jacksonville Terminal Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act (1) to issue from time to time, during a period of not exceeding two years, promissory notes, aggregating \$705,925.32, in renewal of certain outstanding promissory notes heretofore made by the applicant; and (2) to issue a promissory note for a proposed loan to the applicant in the sum of \$50,000, if funds in that amount are required, for the completion of certain new construction begun in 1917.

The terminals and facilities of the applicant in Jacksonville, Fla., are used by the Atlantic Coast Line, Seaboard Air Line, Southern Railway, and Florida East Coast Railway, under an operating agreement dated June 1, 1917, a copy of which has been filed in this proceeding, and by the Georgia Southern & Florida Railway, which is not a party to the agreement. These roads exercise joint control over the applicant by virtue of ownership of all its outstanding capital stock, except eight shares held by directors.

Pending the completion of arrangements for funding its obligations, the applicant desires general authority to issue notes in renewal of any or all of the notes described in the application as occasion may require, or, in case it is necessary to transfer the loans, to issue new notes with payees other than those named in the existing notes. Demand notes of the applicant, aggregating \$538,425.32, for

moneys advanced to the applicant for construction, working funds, and other purposes, by the companies having joint control, are now held by those companies. The application states that the holders of these notes may not call for renewals or new notes, but that the applicant must be prepared to comply with such demands, if made, because some of the notes are of long standing and it may be preferable to have them renewed. As to the proposed note for \$50,000, it is stated that the applicant may have to borrow that amount before a financial plan now under consideration is arranged, in order to complete new terminals, the construction of which was begun in 1917.

The facts presented in support of that part of the application for authority covering the issue of the proposed note for \$50,000, and the notes proposed to be given in renewal of the demand notes, are not sufficient to justify the granting of authority at this time for the issue of such notes. Action thereon will therefore be deferred until further facts are presented.

It appears that the Florida National Bank, Jacksonville, Fla., now holds a note for \$67,500, made by the applicant, payable 90 days after date, with interest at the rate of 6 per cent per annum, which was given on October 27, 1920, in renewal of a note for a like amount maturing on that date, as shown by a certificate of notification filed with us. The Atlantic National Bank of Jacksonville, Fla., also holds a note dated May 22, 1920, for \$100,000, made by the applicant, payable six months after date, with interest at the rate of 6 per cent per annum, which the holder has agreed to extend with interest at the rate of 7 per cent per annum. The applicant desires authority to issue, from time to time during a period not exceeding two years, notes for like amounts in renewal of these notes.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Florida, the only state in which the carrier operates. No objection to the granting of the application has been offered by the railroad commission or other appropriate authority of that state.

We find that the proposed issues, to be made from time to time, during a period of not exceeding two years from the date hereof, of promissory notes for \$100,000 and \$67,500 (a) are for lawful objects within the corporate purposes of the Jacksonville Terminal Company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

We further find that the obligations to be created by the issue of such notes, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of the application.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Jacksonville Terminal Company be, and it is hereby, authorized to issue, from time to time, during a period of not exceeding two years from the date hereof, (1) a promissory note or notes in the face amount of \$100,000, with interest at a rate not exceeding 7 per cent per annum, the maturity of the last note issued not to extend beyond two years from the date of this order, said note or notes to be issued in renewal of a note dated May 22, 1920, in the face amount of \$100,000, payable six months after date to the order of the Atlantic National Bank of Jacksonville, Fla.; and (2) a promissory note or notes in the face amount of \$67,500, with interest at a rate not exceeding 7 per cent per annum, the maturity of the last note issued not to extend beyond two years from the date of this order, said note or notes to be issued in renewal of a note dated October 27, 1920, in the face amount of \$67,500, payable 90 days after date to the Florida National Bank.

It is further ordered, That the applicant shall within 10 days after such issue report to this Commission all pertinent facts with respect to any note or notes issued in pursuance of the authority herein contained, and the applicant shall likewise report all pertinent facts relating to the payment or satisfaction of any such note or notes within 10 days after such payment or satisfaction; each of said reports to be signed by an executive officer of the applicant and verified by his oath.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes, or interest thereon, or as to any subsequent renewal of said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 94.

IN THE MATTER OF THE APPLICATION OF THE ELGIN,
JOLIET & EASTERN RAILWAY COMPANY FOR AU-
THORITY TO ISSUE EQUIPMENT-TRUST BONDS.

Submitted October 14, 1920. Decided November 27, 1920.

Authority granted to issue \$1,800,000 of equipment-trust bonds, to be dated April 1, 1920, to bear interest at the rate of 6 per cent per annum, and to be secured by a certain equipment-trust agreement; \$120,000 of said bonds to mature on the 1st day of April in each year from 1924 to 1938, inclusive.

Kemper K. Knapp for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Elgin, Joliet & Eastern Railway Company, a common carrier by railroad engaged in interstate commerce, ask authority under section 20a of the interstate commerce act to issue equipment-trust bonds in the aggregate amount of \$1,800,000, to be used in procurement of 500 double-sheathed railroad box cars of 80,000 pounds capacity each and 8 eight-wheel heavy switching engines.

These cars and engines have heretofore been allotted to the applicant by the Director General of Railroads, the estimated cost thereof being \$1,817,496. It is proposed that the title to this equipment shall be conveyed by the Director General to the United States Trust Company of New York, which company will in turn lease the equipment to the applicant, the rental therefor to be \$1,817,496, of which \$17,496 is to be paid in cash and the balance of \$1,800,000 to be payable in 15 annual installments of \$120,000 each, which installments are to be represented by the equipment-trust bonds proposed to be issued. It is provided in the proposed indenture of lease, to be dated April 1, 1920, from the United States Trust Company of New York to the applicant, a copy of which has been filed with the application, that upon payment by the applicant of the rentals and of all other sums of money in said indenture required to be paid by the applicant the trust company will grant and convey the equipment to the applicant.

The bonds representing the deferred installments of rent are to be delivered by the applicant to the trust company and by it sold to the United States Steel Corporation at par and accrued interest,

the proceeds of the sale to be used by the trust company in making payment to the Director General on account of the cost of the equipment.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Illinois and Indiana, the only states in which the applicant operates. No objection to the issue by us of an order granting the application has been offered by the railroad, public service, or utilities commission or other appropriate authority of either of the states mentioned.

We find that the proposed issue of said bonds by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Elgin, Joliet & Eastern Railway Company be, and it is hereby, authorized to issue \$1,800,000 of equipment-trust bonds, under and pursuant to, and to be secured by, a proposed indenture of lease to be dated April 1, 1920, from the United States Trust Company of New York to the applicant; said bonds to be numbered from 1 to 15, inclusive, to be dated April 1, 1920, to be registered in the name of the owner, to be in the denomination of \$120,000 each, and to bear interest at the rate of 6 per cent per annum, payable semiannually on October 1 and April 1 in each year to the registered holder; each registered bond to be convertible at the option of the holder into 120 coupon bonds of the denomination of \$1,000 each, bearing interest at the rate and payable on the dates immediately hereinbefore specified; said registered and coupon bonds to be in the forms submitted with the application; said bonds, or the proceeds thereon, to be used solely in procurement of equipment as set forth in the application; and said bonds to mature and to be payable as follows:

Registered bond number.	Convertible coupon bond numbers.	Date payable.
1.....	1 to 120.....	April 1, 1924
2.....	121 to 240.....	April 1, 1925
3.....	241 to 360.....	April 1, 1926
4.....	361 to 480.....	April 1, 1927
5.....	481 to 600.....	April 1, 1928
6.....	601 to 720.....	April 1, 1929
7.....	721 to 840.....	April 1, 1930
8.....	841 to 960.....	April 1, 1931
9.....	961 to 1,080.....	April 1, 1932
10.....	1,081 to 1,200.....	April 1, 1933
11.....	1,201 to 1,320.....	April 1, 1934
12.....	1,321 to 1,440.....	April 1, 1935
13.....	1,441 to 1,560.....	April 1, 1936
14.....	1,561 to 1,680.....	April 1, 1937
15.....	1,681 to 1,800.....	April 1, 1938

It is further ordered, That the applicant shall, for the period ending December 31, 1920, and for each six months' period thereafter, report to this Commission within 30 days after the close of such periods all pertinent facts relative to the issue of bonds as herein authorized and the payment of the same, said periodical reports to be made until all of said bonds shall have been issued and fully paid or otherwise satisfied.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 45.

IN THE MATTER OF THE APPLICATION OF THE GULF PORTS TERMINAL RAILWAY COMPANY AND THE PENSACOLA, MOBILE & NEW ORLEANS RAILWAY COMPANY FOR A LOAN.

Submitted October 13, 1920. Decided November 29, 1920.

1. The Gulf Ports Terminal Railway Company not found to be a common carrier subject to the interstate commerce act.
2. The Pensacola, Mobile & New Orleans Railway Company found to be a common carrier subject to the interstate commerce act.
3. Applicants have failed to show that the making, in whole or in part, of the proposed loan by the United States is necessary to enable them properly to meet the transportation needs of the public, or that the prospective earning power of the applicants and the character and value of the security offered are such as to furnish reasonable assurance of the applicants' ability to repay the loan. Application denied.

Henry McLaughlin and Elwood McLaughlin for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On June 22, 1920, the Gulf Ports Terminal Railway Company, a corporation of the state of Florida, hereinafter called the Gulf ports company, made application for a loan in the amount of \$500,000 from the revolving fund provided by section 210 of the transportation act, 1920, as amended.

After considering the application and the evidence submitted therewith in the form of statements and affidavits, on August 2, 1920, we denied the application.

By its application filed on August 23, 1920, which asserts error in our finding of August 2, 1920, the Gulf ports company applied for a loan of \$300,000 from the revolving fund and requested that an opportunity be afforded it to present additional evidence and oral testimony in support of its contentions. The request was granted and the matter was set for hearing. The Gulf ports company appeared and presented its evidence. The first question is whether the Gulf ports company is a common carrier subject to the interstate commerce act.

The evidence shows that Henry McLaughlin, a contractor experienced in railway construction, by consolidating two railroads

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and by new construction, undertook to establish a line of railway between Pensacola, Fla., and Mobile, Ala., a distance as located of approximately 60 miles. The Louisville & Nashville Railroad Company has operated lines of railway between those points for many years, the distance via its line being approximately 104 miles. One of the principal reasons which moved McLaughlin to undertake the construction of the new line was that if completed it would be practically a direct east-and-west line between those points shorter by approximately 44 miles than the existing railway lines.

In the year 1910 the railroad of the Pensacola & Perdido Railroad Company, extended from Pensacola to Millview, Fla., a distance of 8 miles, and the railroad of the Pensacola, Alabama & Tennessee Railroad Company extended from Millview to, or near, Muscogee, Fla., a distance of approximately 16 miles. In that year those two railroads were purchased by the Pensacola, Mobile & New Orleans Railway Company, a corporation of the state of Alabama, hereinafter called the Pensacola company. The two railroads last mentioned have since been operated jointly under the name of the Pensacola company. Construction of an extension of this line toward Mobile was undertaken by McLaughlin and the mileage which was completed and in operation in the year 1913 was approximately 46 miles of main track, which is the present operated mileage of main track. The western terminus of the road is at a point in Baldwin county, Ala., called by McLaughlin Track End. The roadbed has been graded and the bridges built for the remainder of the route overland to Blakely River on the eastern shore of Mobile Bay, but the rails have not been laid thereon.

The original plans contemplated the construction of a trestle approximately 7.5 miles long, with one or more drawbridges, to carry the railway line over Mobile Bay into the city of Mobile, but the Gulf ports company amended its application and substituted a proposal for car-ferry service across Mobile Bay instead of the trestle.

The locomotive and car equipment of this railroad, at the times the applications were filed, consisted of 3 road locomotives, 2 switching locomotives, 70 flat cars, and 6 other freight-train cars. It has no passenger equipment other than caboose cars, in which passengers have been transported in trains that also carried freight.

In December, 1916, in support of an effort to borrow funds for the further construction of the railroad, McLaughlin obtained a charter for the Gulf ports company and thereupon the Pensacola company deeded all its property to the Gulf ports company. This change in name was made pursuant to the advice of a banking concern, which suggested that the failure to finance the Pensacola company was well

known and that another name should be used in future attempts to float loans for the proposed short line. McLaughlin owns all the outstanding capital stocks of the Pensacola company and the Gulf ports company.

The proof is that for several years freight has been transported over these railway lines, for hire, between points in Florida and points in Alabama; that the Pensacola company although having been divested of title to the railway property and being without a lease or instrument in writing defining the terms under which it might use the railway property has maintained a force of officers and employees and operated at least that part of the railway that is east of Muscogee and has held itself out to the public as a carrier of such freight, for hire, by means of the said railway lines and has regularly accepted and carried, for hire, a considerable quantity of such freight tendered to it by many shippers for carriage in interstate commerce; that there has been no holding out to the public as a common carrier, or no actual performance of transportation in interstate commerce, by the Gulf ports company and that the name Gulf Ports Terminal Railway Company has been used by McLaughlin solely for the purpose of procuring loans for his enterprise; that McLaughlin in his capacity of contractor has collected some of the tolls for the carriage of the freight and has used the sums so collected in furtherance of the construction work; that the remainder of such tolls have been collected and used by the Pensacola company.

In our opinion the Gulf ports company is not a common carrier subject to the interstate commerce act and therefore it is not entitled to a loan under the provisions of section 210 of the transportation act, 1920, as amended. We find that the Pensacola company is a common carrier subject to the provisions of the interstate commerce act. *C. N. O. & T. P. Ry. v. I. C. C.*, 162 U. S., 184; *Baer Bros. v. D. & R. G. R. R.*, 233 U. S., 479; *U. S. v. Brooklyn Terminal*, 249 U. S., 296; *U. S. v. Union Stock Yards Co.*, 226 U. S., 304; *U. S. v. Illinois Terminal Ry.*, 168 Fed., 546.

We will regard the explanations made at the hearings as having amended the application and we will proceed to the merits of the matter treating the Pensacola company as the applicant and the railway property of the Gulf ports company as the security offered for the requested loan.

The purposes for which this loan is asked are expenditures for labor and materials to be used in completing the line into Mobile, replacements and repairs to the constructed lines, and the purchase of equipment and other betterments for the constructed lines. The
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aggregate of the amounts assigned for replacements and repairs is approximately \$34,000.

The security offered is the unincumbered railway property, the investment therein being approximately \$1,076,627.50. The current liabilities total \$15,798.27, payable to McLaughlin, the payment of which he proposes to waive.

The gross and net earnings of the railway lines for several years, which were submitted in evidence as the gross and net earnings of the Pensacola company, are here shown:

Year.	Gross earnings.	Net earnings.	Year.	Gross earnings.	Net earnings.
1907.....	\$38,241.90	\$27,564.71	1913.....	\$58,897.97	\$36,383.30
1908.....	49,306.65	25,032.43	1914.....	46,722.14	21,340.21
1909.....	49,306.43	25,806.49	1915.....	16,485.53	119.46
1910.....	58,350.22	28,563.27	1916.....	41,804.41	10,819.59
1911.....	47,290.62	21,193.55	1917.....	30,561.27	1,966.57
1912.....	63,251.12	34,062.04	1918.....	27,348.63	674.98

The record does not show that our classification of accounts was used in computing the above earnings.

The evidence has not established that the public is not being properly served by existing railroad facilities or that the proposed additions and betterments and the completion of the proposed short line are necessary to enable the applicant to meet the transportation needs of the public during the transition period.

The evidence shows that the proposed short line, if constructed, probably can not be operated at a profit if its traffic is only that which will originate or be delivered at points which it will reach. The extent of its future profits, under present plans, will depend largely upon the amount of interline traffic interchanged between the proposed short line and connecting lines at Pensacola and Mobile. The plans for handling this future interline traffic have not been disclosed in this proceeding, and the record leaves us in doubt as to the character of the facilities that might be provided for interchanging that traffic, the amount of such interline traffic that applicant might reasonably expect to handle, and the rates and divisions that might be imposed by applicant on such interline traffic.

We can not reach the conclusion upon the evidence before us that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the requested loan, if made, within five years from the making thereof and to meet its other obligations in connection with the requested loan.

The application is accordingly denied, and an appropriate order will be entered.

ORDER.

A hearing having been held on this application, and full investigation of the matters and things involved therein having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.
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FINANCE DOCKET No. 7.

IN THE MATTER OF THE APPLICATION OF THE GULF,
MOBILE & NORTHERN RAILROAD COMPANY FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NE-
CESSITY.

Submitted November 24, 1920. Decided November 30, 1920.

Certificate issued authorizing the Gulf, Mobile & Northern Railroad Company to abandon its Ellisville branch in Jones county, Miss.

J. C. Rich for Gulf, Mobile & Northern Railroad Company.

J. M. Arnold, C. M. Morgan, and J. T. Taylor for the city of Ellisville and others, protestants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, and POTTER.
BY DIVISION 4:

This is an application of the Gulf, Mobile & Northern Railroad Company filed pursuant to paragraph (18), section 1, of the interstate commerce act, as amended, for a certificate that the present and future public convenience and necessity permit the abandonment of a branch line of railroad 6.6 miles long between Ellisville Junction and Ellisville, Jones county, Miss.

The record was developed for us by the Mississippi Railroad Commission and its recommendation is that the application be granted.

The main line of the Gulf, Mobile & Northern Railroad is a north-and-south line between Jackson, Tenn., and Mobile, Ala., a distance of about 409 miles, touching few important towns, and competing for business with large systems having lines parallel thereto. At Laurel, Miss., the Gulf, Mobile & Northern Railroad crosses the New Orleans & Northeastern, now the main line of the Southern Railway, between Meridian and New Orleans. At a junction 8.5 miles south of Laurel, where there is not even a small village, the branch line in question diverges for Ellisville, 6.6 miles away. Ellisville is on the New Orleans & Northeastern 7.3 miles south of Laurel, with which city it also has direct connection by an electric line giving a store-door delivery service and by a truck service that is said to carry more freight between the two points than any of the rail lines. The trucking is over the Jackson high-

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way, one of the main thoroughfares of the country. A triangle is formed by the Gulf, Mobile & Northern track on two sides and the New Orleans & Northeastern, the interurban line, or the Jackson highway forming the other, with Laurel, Ellisville Junction, and Ellisville at the junction points. Freight or passengers between Ellisville and Laurel via the Gulf, Mobile & Northern must be transported 15.1 miles, as opposed to 7.3 miles by either of the other three routes. There is no station, not even a flag stop, other than Ellisville on this branch, and it is evident that no other locality is affected by the service except with relation to Ellisville. There is one portable sawmill located near the branch line between Ellisville and the junction. In the first eight months of 1920 there were handled over the Ellisville branch 90 tons of lumber in carload lots. There is no physical connection between this branch and other rail lines at Ellisville, and its station is not as favorably located for business as that of the New Orleans & Northeastern. Ellisville has no wholesale business house, but has several manufacturing industries, all of which, however, have other railroad facilities. The population of Ellisville has decreased from 2,446 in 1910 to 1,681 in 1920.

Ellisville lies between Laurel, 7.3 miles north, and Hattiesburg, 21.6 miles south, both business towns and rail centers among the most important locally in that part of Mississippi. The New Orleans & Northeastern, passing through these, reaches Meridian and New Orleans directly, and with its connection furnishes access to those points with which Ellisville has commercial relations. In the testimony given in behalf of the city of Ellisville it was admitted that a very small part of the Ellisville business goes to Mobile, for reasons entirely distinct from rates or service. Mobile is the only important city reached by the Gulf, Mobile & Northern line south of Ellisville. It is evident that this branch could only save about 9 miles rail haul from Ellisville to points south of Ellisville on the Gulf, Mobile & Northern main line, and that it offers no advantage in any other direction.

The Gulf, Mobile & Northern Railroad Company's records of operation prior to July 1, 1915, were destroyed by flood. The results of operation of this branch since that date, as shown by the books, are:

Total revenues.....	\$10, 810. 28
Total expenses.....	71, 294. 97
Net loss, including taxes and 6 per cent interest on cost of branch.....	89, 002. 89

For the first eight months of 1920 the revenues have been about 12 per cent of the expenses.

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As now operated the branch line is not only nearly useless, but it, in fact, inconveniences more people than it serves, because, for reasons of economy, main-line passenger trains carry the traffic on the branch, running in from the junction to Ellisville and out again, and picking up the freight when there is any to be handled. Commercial travelers and others using the main line desire the discontinuance of the branch-line service because of the delays occasioned by such operation.

When the building of this branch was undertaken, late in 1902, by the Mobile, Jackson & Kansas City Railroad Company, a predecessor corporation of the Gulf, Mobile & Northern Railroad Company, citizens of Ellisville and vicinity were asked to make and did make some gifts of right of way and station grounds in order to get the road. The applicant states that, so far as its record indicates, the consideration for this right of way amounted to \$3,750. A witness for the city of Ellisville thought the amount raised was about \$13,000, and gave from memory details as to a small part of that amount. In this connection it is claimed that the president of the company represented that a branch-line service as good as that of their main line would be given. There was no contract to that effect. The applicant, however, agrees that it will make a reconveyance of the donated lands to the grantors or their assigns.

Upon all of the facts of record it is apparent that the Ellisville branch serves no important use, and has no prospect of earning its operating cost, and that its abandonment should be permitted.

We therefore find that the present and future public convenience and necessity permit of the abandonment of the branch line in question. A certificate to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Be it known, that on the 21st day of June, 1920, the Gulf, Mobile & Northern Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate that the present and future public convenience and necessity permit the abandonment of its Ellisville branch in Jones county, Miss., pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1 of the interstate commerce act, as amended;

That upon receipt of said application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of Mississippi, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in which said branch line of railroad is operated;

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That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed abandonment;

That a public hearing was held on due notice to all interested parties, including the state of Mississippi; and all such parties were given an opportunity to be heard;

That on the 30th day of November, 1920, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

Now, therefore, upon the record in this proceeding and the report of the Commission as above set forth:

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity permit the abandonment of the Ellisville branch of the Gulf, Mobile & Northern Railroad, in Jones county, Miss., extending from the main line of the Gulf, Mobile & Northern Railroad at Ellisville Junction to the terminus of said branch in the city of Ellisville, a distance of about 6.6 miles.

Said Gulf, Mobile & Northern Railroad Company is hereby authorized to abandon the operation of said branch line of railroad and to remove the tracks thereof, and to dismantle all or any part of the structures owned or used by it in connection with such operation.

Provided, however, that before discontinuing service, either freight or passenger on said line, said company shall give to the public at least 15 days' notice of the date upon which operations will cease, by posting such a notice in a public place in its railroad stations at Ellisville, Laurel, Union, and Newton, Miss.

Said Gulf, Mobile & Northern Railroad Company, when making application to the Commission for cancellation of tariffs, shall refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 43.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS AND FIRST AND REFUNDING MORTGAGE BONDS.

Approved November 30, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Upon further consideration of the application filed in the above-entitled proceeding:

It is further ordered, That the Chicago, Rock Island & Pacific Railway Company be, and it is hereby, authorized to pledge and repledge, from time to time, all or any part of the \$1,000,000 of first and refunding mortgage gold bonds, authorized to be issued by the Commission's order of October 4, 1920, in the above-entitled proceeding, as collateral security for any note or notes hereafter issued by the applicant maturing not more than two years after the date thereof, and aggregating, together with all other then outstanding notes of a maturity of two years or less, not more than 5 per cent of the par value of the securities of the carrier then outstanding.

It is further ordered, That the applicant shall report to this Commission in writing all pertinent facts relating to the pledge and release from pledge of any of said bonds within 10 days after the same shall have been pledged or released from pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS AND IN MEETING MATURING INDEBTEDNESS.

Approved November 30, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amendment to Certificate No. 42 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 42, of November 9, 1920, for a loan of \$7,862,000 by the United States to the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by changing the numbers of the Rock Island-Memphis Terminal Railway Company first-mortgage depot gold 5 per cent bonds (1934), temporary form bonds, from 51 and 52 to T-1 and T-2, respectively. Also to more fully describe said bonds, as follows:

Rock Island-Memphis Terminal Railway Company bonds:
First-mortgage depot gold 5 per cent bonds (issued under depot first mortgage of May 1, 1914, to the Bankers Trust Company, trustee) * * *;

also to more fully describe the next-following series of bonds as follows:

Rock Island-Memphis Terminal Railway Company bonds:
First-mortgage terminal gold 5 per cent bonds (issued under terminal first mortgage of April 1, 1915) * * *;

also to more fully describe Arkansas & Memphis Railway Bridge & Terminal Company bond as follows:

(supplemental indenture, May 24, 1915, supplemental to first mortgage, March 2, 1914, to Guaranty Trust Company, trustee);

so that the whole of subparagraph (a) of paragraph 5 of said certificate shall read as follows:

(a) Loan shall be collaterally secured by the pledge of the following:

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Designation.	Number of bonds.	Serial numbers.	Denomination.	Principal amount.
Chicago, Rock Island & Pacific Railway Company bonds (first and refunding mortgage of April 1, 1904, to Central Union Trust Company and David R. Francis, as trustee):	1	00005	\$1,000.00	\$1,000.00
First and refunding mortgage 4 per cent bonds, due April, 1934.....	628	104308-104309	1,000.00	522,000.00
.....	20	120021-120040	1,000.00	20,000.00
.....	1,000	125641-125640	1,000.00	1,000,000.00
.....	473	130022-130035	1,000.00	173,000.00
.....	1,430	130028-137452	1,000.00	1,430,000.00
.....	2,818	137708-140816	1,000.00	2,818,000.00
.....	2,674	142442-146115	1,000.00	2,674,000.00
.....	1,000	140116-150315	1,000.00	1,000,000.00
Arkansas & Memphis Railway Bridge & Terminal Company bonds (supplemental indenture, May 24, 1915, supplemental to first mortgage, March 2, 1914, to Guaranty Trust Company, trustee):				
First mortgage 5 per cent bonds (1904).....	925	1276-2200	1,000.00	925,000.00
Chicago, Rock Island & Gulf Railway Company bonds (Carrollton branch first mortgage dated July 1, 1908):				
Carrollton division first-mortgage 6 per cent bonds (1937).....	6	1-6	50,000.00	300,000.00
Coupon bonds (1937).....	31	1-31	1,000.00	31,000.00
Crawford County Mining Company:				
First-mortgage 5 per cent bond (1937).....	1	5	100,000.00	100,000.00
Rock Island Improvement Company bonds:				
Blue Island shops 5 per cent mortgage bond (1934)....	1	1	150,000.00	150,000.00
Mortgage bond (1934).....	1	2	49,800.00	49,800.00
Cedar Rapids Terminal bonds:				
Five per cent bond (demand).....	1	1	354,540.11	354,540.11
Bond (demand).....	1	2	15,183.88	15,183.88
Little Rock mortgage 5 per cent bond (demand).....	1	1	278,492.49	278,492.49
Peoria Terminal 5 per cent gold bond (demand).....	1	1	230,247.85	230,247.85
Rock Island-Memphis Terminal Railway Company bonds:				
First-mortgage depot gold 5 per cent bonds (issued under depot first mortgage of May 1, 1914, to the Bankers Trust Company, trustee) temporary form.....	1	T-1	727,000.00	727,000.00
.....	1	T-2	173,000.00	173,000.00
First-mortgage terminal gold 5 per cent bonds (issued under terminal first mortgage of April 1, 1915) temporary form.....	15	T-1-T-15	23,000.00	375,000.00
.....	1	T-16	23,000.00	23,000.00
.....	1	T-17	2,000.00	2,000.00
Rock Island-Omaha Terminal Railway Company bonds (first mortgage dated May 1, 1914):				
First mortgage 5 per cent temporary bonds (1934)....	1	1	482,000.00	482,000.00
.....	1	1	113,000.00	113,000.00
Rock Island, Arkansas & Louisiana Railroad Company bonds (first mortgage dated March 1, 1910):				
First-mortgage 4½ per cent bonds (1934).....	15	9951-9965	1,000.00	15,000.00
St. Paul & Kansas City Short Line Railroad Company bonds (first mortgage dated Feb. 1, 1911):				
First-mortgage 4½ per cent bonds (1941).....	7	7810-7816	1,000.00	7,000.00
United States Government second Liberty loan 4½ per cent bonds, converted.....				90,000.00
Total.....				13,740,473.34

Done in Washington, D. C., this 30th day of November, 1920.

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FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted November 30, 1920. Decided November 30, 1920.

Upon supplemental application for a loan to meet maturing indebtedness, application granted in part and a loan of \$240,000 approved.

S. M. Felton for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago Great Western Railroad Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, on October 18, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to provide itself with additions and betterments to equipment and to way and structures.

On November 30, 1920, the applicant amended and supplemented the application to include a loan to enable it to meet its maturing indebtedness.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$2,229,973.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with additions and betterments to equipment and to way and structures and to meet its maturing indebtedness as follows:

Additions and betterments to equipment.....	\$1, 314, 900
Additions and betterments to way and structures.....	675, 073
Maturing indebtedness: Interest amounting to \$240,000, due December 1, 1920, on \$12,000,000, principal amount, of Mason City & Fort Dodge Railroad Company first-mortgage 50-year 4 per cent gold bonds, due 1955.....	240, 000
Total.....	2, 229, 973

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 4 per cent gold bonds, due 1959.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide itself with additional transportation facilities and to meet the maturing obligations of its subsidiary, thus enabling it to maintain its credit and properly to serve the transportation needs of the public.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The matter of a loan for additions and betterments will be given consideration hereafter.

After investigation, we find that the making of a loan of \$240,000 for the purpose of enabling the applicant to meet its maturing indebtedness as hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 46 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$240,000 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within

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the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$240,000.

4. That the time from the making thereof within which the loan is to be repaid in full is one year.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$480,000, principal amount, of applicant's first-mortgage 50-year 4 per cent gold bonds, due 1959, issued under an indenture of mortgage dated September 1, 1909, executed by the applicant to the Standard Trust Company of New York, as trustee. Said bonds are in denomination of \$1,000, in coupon form, having coupon due March 1, 1921, and subsequent coupons attached, and are numbered 27,561 to 28,040, inclusive.

(b) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 30th day of November, 1920.

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FINANCE DOCKET No. 4.

IN THE MATTER OF THE APPLICATION OF THE EASTERN TEXAS RAILROAD COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY.

Submitted September 27, 1920. Decided December 2, 1920.

Certificate issued authorizing the Eastern Texas Railroad Company to abandon its line of railway between Lufkin and Kennard, Tex.

E. B. Perkins, Daniel Upthegrove, E. J. Mantooth, and E. B. Stroud, jr., for Eastern Texas Railroad Company.

V. L. Brooks, S. N. Townsend, J. R. Painter, I. D. Fairchild, and Clay Stone Briggs for protestants.

John C. Bow for Lufkin Chamber of Commerce and Angelina county, Tex.

REPORT OF THE COMMISSION.

DIVISION 4. COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Eastern Texas Railroad Company, hereinafter called the Eastern Texas, by petition filed June 3, 1920, seeks a certificate of convenience and necessity to permit it to abandon its line of railway in Angelina, Trinity, and Houston counties, Tex.

The Eastern Texas extends from Lufkin, Tex., in a westerly direction, 30.3 miles to Kennard, Tex., and has in addition to this main-line track about 4 miles of switch, yard, and passing tracks. At Lufkin its tracks connect with those of the St. Louis Southwestern Railway Company of Texas, hereinafter called the Cotton Belt, the Houston East & West Texas Railroad, the Groveton, Lufkin & Northern Railway, the Texas Southeastern Railroad, and the Angelina & Neches River Railroad. Applicant has no other railroad connections. It maintains a joint agency with the Cotton Belt at Lufkin, has agency stations at Ratcliff, Tex., and Kennard, and has six sidetracks at other points where carload freight may be received or delivered. It owns one combination passenger-mail-express car, but no other rolling stock. It rents one light locomotive from the Cotton Belt, and pays per diem, under the code rules, for foreign cars while on its line. The only regular service it maintains is one mixed freight-and-passenger train daily, except Sunday, between Lufkin and Kennard.

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The Eastern Texas was incorporated November 8, 1900, under the general railroad incorporation laws of Texas, to construct a railroad from Lufkin to Crockett, Tex. Its line was constructed to Kennard in 1901 and 1902, and has been continuously operated since, though it has not been extended to Crockett. The company was promoted and financed by individuals interested in the Texas-Louisiana Lumber Company, hereinafter called the lumber company, which is a subsidiary of the Central Coal & Coke Company of Kansas City, Mo. A substantial amount of applicant's right of way was donated to it by the owners of the land. It never received a land grant from the state nor exercised the right of eminent domain. It was originally authorized to issue \$150,000 capital stock, which amount was increased in 1902 to \$1,000,000. Shares of stock with a par value of \$454,000, but no bonds, have been issued. On September 1, 1916, all outstanding stock of the Eastern Texas was acquired by the St. Louis Southwestern Railway Company, hereinafter called the Southwestern, which, except for the directors' qualifying shares, still holds it. There is substantial identity between the officers of the Eastern Texas and the Southwestern, and the two roads have twice endeavored to consolidate since the stock purchase by the latter. The Texas Legislature has refused to authorize the consolidation unless the Eastern Texas would extend its line to Crockett.

Applicant's line was constructed primarily to serve the lumber company, which then owned 116,000 acres of pine-timber land near Kennard, and had constructed at Ratcliff what is said to have been one of the largest mills in the south for the production of lumber and forest products. Applicant built numerous tramroads through this timber to connect with its main line. On August 28, 1906, it sold these tram tracks, its current assets, and rolling stock, aggregating in book value \$94,604.49, to the lumber company. This sale was made in contemplation of the transfer of the Eastern Texas stock to the Southwestern for bonds of that company, stated to have been worth the par value of the stock and the fair value of the Eastern Texas as determined by the Railroad Commission of Texas.

The Ratcliff mill ceased operation about 1917, and its tram tracks, machinery, and practically all of its buildings have since been moved to locations not on applicant's line.

Applicant contends that since the removal of the mill there is not, and within any reasonable time will not be, enough traffic offered to produce revenue sufficient to pay its operating expenses. It shows that the country it serves is largely cut-over timber land, the soil poor, and the agricultural development very limited except in the vicinity of Ratcliff and Kennard. It points out that the area is sparsely settled, particularly between those two towns, where it is

estimated that some 600 people live; and that there are no other towns or villages along the line. Ratcliff is said to have a population of 900, and that of Kennard is estimated at 1,200. The timber from some 20,000 acres of land, along applicant's line, owned by the Southern Pine Lumber Company, is transported either by the Texas Southeastern Railroad or the Groveton, Lufkin & Northern Railway. Three small mills, installed after the abandonment of the Ratcliff mill on account of the then abnormally high prices of lumber and forest products, ceased operating with the decline in the lumber market and were closed at the time of the hearing. The lumber company now owns about 84,000 acres of land surrounding Ratcliff and Kennard, on some of which the second growth of timber is said to be of marketable size, but it is not yet in condition to be profitably cut.

About 70 per cent of the traffic handled by the Eastern Texas in 1919 consisted of forest products. Agricultural products totaled less than 10 per cent, and the remaining 20 per cent was made up of mine products, animals, manufactured products, merchandise, and other commodities. During each of the four years immediately preceding June 30, 1913, mine products, consisting chiefly of bituminous coal used at the Ratcliff mill, exceeded the products of agriculture and animals combined; but the coal tonnage decreased from 6,886 tons in 1913 to 36 tons in 1918, and no coal moved in 1919 nor during the first five months of 1920. The greatest volume of agricultural products moved since 1909 was the 6,592 tons carried in 1914. This traffic had decreased to 2,072 tons in 1919, and 1,038 tons were moved in the first five months of 1920. The tonnage of forest products from 1909 to 1917 ranged from 41,312 tons in 1915 to 66,936 tons in 1917. Only 25,738 tons of this traffic moved in 1918, 14,966 tons in 1919, and 9,958 tons in the first five months of 1920. The total of all commodities moved has decreased from 78,177 tons in 1913 to 21,352 tons in 1919 and to 12,969 tons in the first five months of 1920. Exhibits offered showed a detailed statement of the freight tonnage handled by applicant from 1909 to 1920.

The income of the Eastern Texas shows a corresponding shrinkage since 1912, except for the year 1917. Applicant's gross income for the year ended June 30, 1920, was \$34,210, and its net income \$24,494.21. The corresponding figures for 1917 were \$17,336.95 and \$6,391.57. Its operating expenses exceeded its operating revenues by \$9,699.66 in 1918, by \$4,086.15 in 1919, and by \$24,207.10 in the first five months of 1920. The total deficit incurred in 1918 was \$20,128.46, in 1919 it was \$49,362.64, and in January and February of 1920 it was \$10,484.27. The Eastern Texas was under federal control during 1918, 1919, and the first two months of 1920, and its net corporate

income was \$2,942.36 in 1918 and \$5,041.74 in 1919. There was a deficit of \$2,038.19 for March, 1920; \$4,455.54 for April, 1920; \$11,708.96 for May, 1920; and applicant estimated its total deficit for the year would be \$68,824.68, exclusive of large expenditures necessary for maintenance of way to place the road in safe operating condition. Applicant's general balance sheet shows a credit balance of \$32,398.68 on May 1, 1920.

Applicant states it will furnish bond in the sum of \$100,000 for the cancellation of all of its outstanding obligations, and that the Southwestern will guarantee said bonds and advance to applicant sufficient funds to pay or secure the payment of wages, accrued taxes, claims, loans, bills payable, and all other lawful obligations outstanding at the date of abandonment, if abandonment is authorized, whether the indebtedness or obligation is or is not audited and reflected in applicant's account and whether the claim has been or may later be presented.

Rates to and from Lufkin apply to and from Ratcliff and Kennard on interstate traffic, which comprises approximately 75 per cent of applicant's total tonnage. The divisions between the Eastern Texas and the Cotton Belt are said to be on a more liberal basis than is ordinarily allowed individual short-line connections, and applicant contends that it would be impossible to increase its rates or divisions in an amount sufficient to make its revenues meet its operating expenses. Its operating ratio was 440 per cent under the rates in effect immediately prior to the increases authorized in *Increased Rates, 1920*, 58 I. C. C., 220.

The Eastern Texas was originally well laid out from an engineering standpoint, the roadbed being generally level and the grades and curves short. The maximum gradient is slightly more than 1 per cent and the sharpest curve is about 4 degrees. The line was laid with 35-pound steel rails which are not badly worn but are both line and surface bent to such an extent that it is said trains can not safely be operated over them at a speed exceeding 12 or 15 miles an hour. Many streams run at right angles across the railroad's right of way and, in addition to numerous cuts and fills, there are 50 bridges and trestles with a combined length of 8,862 feet, which range in height from 5 to 25 feet. The roadbed, trestles, and bridges have not been well maintained, but the ties are in fair condition. Six bridges and trestles, with a combined length of 2,282 feet, are in need of immediate renewal to insure safe operation and all of the others require heavy repairs. Embankments and fills have fallen away, particularly at bridge and trestle approaches, to such an extent that the ties are not properly supported. The slopes of cuts and ditches have fallen in, damaging the draining so that, in

many places, ties are covered with dirt. Applicant estimates that if operation is continued it will be necessary within the next two years to expend \$146,000 to \$200,000 on roadways, bridges, and trestles, due largely to deferred maintenance attendant on the operation of the line at a loss.

The people of the community served by the Eastern Texas object to the granting of the certificate. It is shown that in case of abandonment of the road the nearest railway stations would be Crockett on the International & Great Northern Railway, about 17 miles from Kennard and 20 miles from Ratcliff, and Wells, Tex., on the Cotton Belt, about 20 miles northeast of Ratcliff. The public highways in this territory are not well improved. A fair graded clay-and-sand road extends from Ratcliff through Kennard to Crockett, but this road becomes soft during the rainy season. Another road not as good extends from Ratcliff through Sullivan Ferry to Wells. A road from Sullivan Ferry to Lufkin parallels the railroad for approximately 9 miles. Other roads extend from the general territory served by applicant to Morrell, Tex., and Alto, Tex., on the Cotton Belt and to Groveton, Tex., on the Groveton, Lufkin & Northern Railway. Live stock produced in the vicinity of Ratcliff and Kennard hitherto has been driven to Crockett on account of better transportation facilities at that point. If the abandonment is permitted, it will be necessary to dray cotton and forest products a considerable distance to stations, but probably no farther than some of the cotton produced in Texas is now hauled. Objectors testified as to the general conditions of the territory and the prospects for further increases in tonnage, but made no definite showing that within any reasonable time, there would be sufficient tonnage to pay the operating expenses of the road. To meet their objections, applicant has offered to sell its line to any local interests for \$50,000.

Upon consideration of the record we find that the present public convenience and necessity permit the abandonment of applicant's line, and we further find that permission to abandon the line should be made subject to the right of persons interested in the community served to purchase the property at a figure not in excess of \$50,000. A certificate and order to that effect will be issued.

Certificate of Public Convenience and Necessity.

Be it known, that on the 3d day of June, 1920, the Eastern Texas Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate of public convenience and necessity to abandon all of its lines of railway between Lufkin, Tex., and Kennard, Tex.,

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situated in the counties of Angelina, Trinity, and Houston, in the state of Texas, pursuant to the provisions of paragraphs 18, 19, 20, and 21 of section 1 of the interstate commerce act;

That upon receipt of such application the Commission caused notice thereof to be given to and a copy to be filed with the governor of the state of Texas, and caused said notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of railroad is constructed and operates;

That after applicant had made due return to the questionnaire, showing the facts and circumstances with respect to such proposed abandonment, and after due notice to all parties in interest, a hearing was held on said application on the 19th day of July, 1920, at Austin, Tex., and on the 26th day of July, 1920, at Ratcliff, Tex., at which all parties in interest were given opportunity to appear and be heard in the premises;

That after said case was submitted, representations were made to the Commission by the legislature of Texas by a joint resolution with respect to the jurisdiction of this Commission in these proceedings;

That on the 2d day of December, 1920, the Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof;

Now, therefore, upon the record in this proceeding:

The Interstate Commerce Commission hereby certifies that the present public convenience and necessity permit the abandonment of all of the lines of railroad of the Eastern Texas Railroad Company as follows: Between Lufkin, Tex., and Kennard, Tex., through the counties of Angelina, Trinity, and Houston, in the state of Texas;

It is therefore ordered, That the Eastern Texas Railroad Company be, and it is hereby, authorized to abandon the operation of all of said lines of railway now owned and operated by it; and to take up, dismantle, or remove any part or all of the property of said company; and in any lawful manner to dispose of any or all parts of said property so taken up, dismantled, or removed, or as it is now situated.

Provided, however, That the Eastern Texas Railroad Company shall first offer all of the property now owned by it for sale, free of all encumbrances, for a sum not to exceed \$50,000 to any party or parties interested in the community served by said road on condition that the purchaser at such sale shall continue the operation of said lines of railroad;

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Provided further, That the Eastern Texas Railroad Company, be, and it is hereby, required to furnish to the Interstate Commerce Commission a good and sufficient bond secured by the St. Louis Southwestern Railway Company in the penal sum of \$100,000, to be approved by the secretary of the Interstate Commerce Commission, conditioned on the understanding that the said Eastern Texas Railroad Company will, before the expiration of one year after the date of this certificate, adjust, settle, and pay all outstanding debts, obligations, judgments, liens, or mortgages, together with all taxes and assessments, federal, state, or municipal, due or to become due, and all claims or judgments for damages to persons or property;

Provided further, That before suspending operation of said railroad or of any service now being rendered thereon, said Eastern Texas Railroad Company shall give at least 30 days' notice to the public of the date at which such service will be discontinued, said notice to be posted in a conspicuous manner in each station on said line of railroad;

And provided further, That the Eastern Texas Railroad Company, when making application for cancellation of tariffs, shall refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 60.

IN THE MATTER OF THE APPLICATION OF THE ST. JOSEPH BELT RAILWAY COMPANY FOR A CERTIFICATE UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 15, 1920. Decided December 4, 1920.

Upon consideration of the record, *Held*, That the St. Joseph Belt Railway was not under private operation, within the meaning of section 204 of the transportation act, 1920, during any portion of the federal control period, Application denied.

Ross D. Rynder for applicant.

Albert Ward for Director General of Railroads.

S. S. Ashbaugh and *L. S. Cass* for American Short Line Railroad association.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

On September 18, 1920, the St. Joseph Belt Railway Company filed with the Commission an application for a certificate under section 204 of the transportation act, 1920, requesting a hearing. Such hearing was held on September 22, 1920, at which representatives of the applicant, the Director General of Railroads, and the American Short Line Railroad Association appeared. Briefs were duly filed in behalf of the applicant and the American Short Line Railroad Association.

The applicant railway company operates by steam about 22 miles of track at and near the city of St. Joseph, Mo. Its principal carrier service is the transportation of live stock in carloads between trunk lines and stock yards at St. Joseph. It also transports traffic to and from various packing houses situated on its line. These operations have continued for many years, including the entire period from July 1, 1914, to the present time. As a terminal railroad, it fell within the description of properties of which the President of the United States took possession and assumed control by his proclamation of December 26, 1917. By the terms of that proclamation the operation of the properties involved was to continue under their then existing boards of directors, receivers, officers, and employees, until and except so far as the Director General of Railroads, then appointed, might otherwise provide.

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It appears that the St. Joseph Belt was regularly served with the various circulars, orders, and announcements issued from time to time by the Director General to the railroads taken over by the President. Those which have the more direct bearing upon the question here involved are the following:

Under date of December 29, 1917, the Director General issued his general order No. 1, which required, among other things, that all transportation systems covered by the President's proclamation be operated as a national system of transportation, without regard to ownership; that the designations of routes by shippers be disregarded, in the interest of efficiency; that traffic agreements between carriers be not permitted to interfere with expedition; and that new through routes be opened where and when expedition and efficiency would thereby be promoted.

On January 8, 1918, the Director General issued a circular to all railroad officers and employees, announcing, among other things, that all railroad officers and employees were then, in effect, in the service of the United States.

On January 18, in general order No. 4, the Director General appointed regional directors for the railroads of the country, which were divided into eastern, southern, and western regions or districts. The western region included railroads in the territory west of Lake Michigan and the Indiana and Illinois state line to the Ohio River, and west of the Mississippi River from the Ohio River to the Gulf of Mexico, excepting certain railroads in Illinois included in eastern territory and certain railroads in Illinois and Indiana included in southern territory.

On May 25, 1918, the Director General issued his general order No. 27, increasing the wages of employees on lines of railroad named in the order, the increases being effective from January 1, 1918. This order was based largely upon the recommendations of a railroad wage commission, appointed by the Director General in January to make a general investigation of the subject of railroad wages in the United States. The St. Joseph Belt was not named in the original order, which, however, contained the following provision: "Such other railroads as may be retained in Federal control on July 1, 1918, will be added to the foregoing list by order of the Director General." The date here named, July 1, 1918, is that fixed by the federal control act, as hereinafter shown.

On July 3, 1918, the Director General issued supplement No. 3 to general order No. 27, in which the St. Joseph Belt, among other railroads, was added to and made a part of general order No. 27. This supplement dealt largely with terminal and short-line railroads. The St. Joseph Belt complied with this order, made the increased

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wages effective for the future, and paid its employees back wages amounting to approximately \$25,000.

Effective May 25, 1918, transportation rates were increased under general order No. 28. The extent of the increase was generally 25 per cent of the existing rates for line-haul traffic, but the increases did not apply to switching service in connection with line hauls, in which service the St. Joseph Belt was largely engaged. The order did apply, however, to intraterminal or intraplant switching service, of which the St. Joseph Belt had a small proportion. The St. Joseph Belt had pending before the Interstate Commerce Commission an application for permission to increase its switching charges, but on July 1, 1918, the director of the division of traffic, United States Railroad Administration, issued his circular No. 1-A, prescribing rules for the publication of rates, fares, charges, etc., and directing that applications for increases in rates then pending before the Interstate Commerce Commission be withdrawn. The application of the St. Joseph Belt was thereupon withdrawn. Further effort was subsequently made to secure an increase in switching charges, but, according to the evidence, representatives of the Director General informed the officials of the St. Joseph Belt that increases in rates should be avoided so far as practicable; and, in effect, that under government control the matter of increases in rates of individual carriers was relatively unimportant. The request was not granted and the switching rates of the St. Joseph Belt continued unchanged, except with respect to intraplant switching, through the period of federal control, although the wages of employees and other expenses substantially increased in that period.

Effective March 21, 1918, the Congress enacted the federal control act, 40 Stat. L. 451: "To provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes." That act provided, among other things, for the contract compensation of the owners of railroads of which the President had taken over the "possession, use, control and operation," based generally upon the average annual railway operating income of such railroads for the three years ended June 30, 1917, as a maximum. This period of three years became commonly known as the test period and will be so referred to hereinafter. During the fall of 1918 and the early months of 1919 efforts were made in behalf of the St. Joseph Belt to secure a contract with the Director General, pursuant to the federal control act, but without success; and under date of March 25, 1919, the

regional director of the central western region addressed the president of the St. Joseph Belt as follows:

I am instructed to advise you that the St. Joseph Belt Railway is not under Federal control and that the United States Railroad Administration exercises no jurisdiction over that line.

On April 23, 1919, the president of the St. Joseph Belt returned the following reply:

The St. Joseph Belt Railway Company is in receipt of your letter of March 25, 1919, reading as follows:

"I am instructed to advise you that the St. Joseph Belt Railway is not under Federal control, and that the United States Railroad Administration exercises no jurisdiction over that line."

This is to advise you that the St. Joseph Belt Railway was taken under Federal control by the President's proclamation of December 28, 1917, and by the terms of section 1, paragraph 7, of Federal Control Act of March 21, 1918. The St. Joseph Belt Railway was not relinquished from Federal control by the President or his agency, the United States Railroad Administration, prior to July 1, 1918. The St. Joseph Belt Railway Company is advised that under section 14 of said Federal Control Act neither the President, nor his agency, the United States Railroad Administration, has authority to relinquish the control and operation of said railroad since July 1, 1918, except as provided in said section of said act, namely, by agreement with the owners thereof. The owners of the St. Joseph Belt Railway have never agreed to the relinquishment of said railroad from Federal control, nor has any request for such agreement been made by the President, or his agency, the United States Railroad Administration. Therefore, you are respectfully advised that the St. Joseph Belt Railway Company does not recognize or admit your power to relinquish said railroad from Federal control at this time.

The continued operation of the railroad will be by the Railroad Administration and for its account, and subject, as heretofore, to all the requirements of the Federal Control Act and the orders and requirements of the Railroad Administration.

In conformity with the position taken in the letter last quoted, the St. Joseph Belt continued to observe the requirements of the Director General's orders then in effect, but no further orders were received from the Director General or his representatives.

The statutory provisions governing the relinquishment of roads under federal control are found in section 14 of the federal control act, which reads as follows:

That the Federal control of railroads and transportation systems herein and heretofore provided for shall continue for and during the period of the war and for a reasonable time thereafter, which shall not exceed one year and nine months next following the date of the proclamation by the President of the exchange of ratifications of the treaty of peace: *Provided, however,* That the President may, prior to July first, nineteen hundred and eighteen, relinquish control of all or any part of any railroad or system of transportation, further Federal control of which the President shall deem not needful or desirable; and the President may at any time during the period of Federal control agree with the owners thereof to relinquish all or any part of any railroad or system of

transportation. The President may relinquish all railroads and systems of transportation under Federal control at any time he shall deem such action needful or desirable. No right to compensation shall accrue to such owners from and after the date of relinquishment for the property so relinquished.

No compensation has been paid the owners of the St. Joseph Belt by the Director General under the provisions of the federal control act, the position of the Director General being that the applicant's road was under private operation during the entire period of federal control, from January 1, 1918, to February 29, 1920, inclusive. The contention of the applicant is that the facts bring the carrier within the definition of carriers entitled to certificates under section 204 of the transportation act, at least for the period from March 25, 1919, to March 1, 1920, if not for the entire period of federal control. A statement filed by the applicant in connection with its application indicates a net deficit in railway operating income for the federal control period amounting to \$165,901.13, of which about \$115,000 accrued in the period from April, 1919, to February, 1920, inclusive.

The American Short Line Railroad Association, which was permitted to file a brief, contends that the St. Joseph Belt was not at any time under federal operation, although under federal control, and is therefore entitled to the benefit of section 204 for the entire period of federal control.

Carriers taken over by the President for "possession, use, control, and operation" were, by the terms of the federal control act, entitled to compensation measured by the test-period income, unless a different basis should be determined in special cases. The benefits of the federal control act were also extended to roads competing or connecting with railroads of which the President had taken "possession, use, and control." The latter class of roads was made up largely of the so-called short lines. Under the provisions of section 14 of the federal control act, hereinbefore quoted, many of these short-line roads were relinquished by the Director General prior to July 1, 1918, and others were by agreement relinquished after that date. It was apparently recognized by the Congress that these short lines of railroad, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such of the short-line railroads as had suffered deficits in railway operating income while under private operation during the period of federal control. Pertinent portions of section 204 are as follows:

The term "carrier" means a carrier by railroad which, during any part of the period of Federal control, engaged as a common carrier in general transportation, and competed for traffic, or connected, with a railroad under Federal

control, and which sustained a deficit in its railway operating income for that portion (as a whole) of the period of Federal control during which it operated its own railroad or system of transportation; * * *

As soon as practicable after March 1, 1920, the Commission shall ascertain for every carrier, for every month of the period of Federal control during which its railroad or system of transportation was not under Federal operation, its deficit in railway operating income, if any, and its railway operating income, if any (hereinafter called "Federal control return") and the average of its railway operating income, if any, for the three corresponding months of the test period taken together, * * *.

Succeeding paragraphs described the method of computation of income or deficit for the federal control period. The above passages are quoted as an illustration of the use in this section of the word "operation," which is claimed to have special significance.

Whether a carrier should receive compensation under the federal control act as a federally operated road, or should receive reimbursement under section 204 of the transportation act as a privately operated road, is a question of much importance under certain conditions. While in either case the obligation of the government ordinarily is measured by the test period income, there is no provision under section 204 for any reimbursement unless the road sustained a deficit under private operation in the federal control period.

Was the St. Joseph Belt operated by the Director General between January 1, 1918, and March 25, 1919, or was it privately operated during that period? Although not detailed in this record, it is a well-known fact that the extent to which the Director General found it necessary to change existing organizations and practices varied greatly with the different railroads taken over. In some cases the changes were undoubtedly slight; in others they were substantial. Under these circumstances an attempt to draw a line of distinction between roads taken over by the government, classifying some as federally operated and others as privately operated, would meet great difficulties. A more practical view is to regard the taking over of the roads by the President, the appointment of the Director General, and the assumption of authority by him and his representatives as supplying the necessary elements to constitute federal operation as well as federal control. In the case of the St. Joseph Belt, as we have seen, the Director General exercised control in the most important matters affecting the income of the carrier. In at least one important instance the action taken was not only without the consent of the owners but was against their desire.

It is urged in the briefs that the language of section 1 of the federal control act, "that the President having in time of war taken over the possession, use, control and operation (called herein federal control) of certain railroads and systems of transportation," indicates an intent on the part of Congress to differentiate between

roads upon the basis of the extent of federal direction. Such a construction is unnecessary and would be inconsistent with other provisions of the act. Section 14, which deals with the termination of federal control, plainly includes in its terms all roads taken over by the President, and the orders of relinquishment issued by the Director General pursuant to section 14 were directed as a rule to those roads over which the Director General had exercised least specific direction.

We find that the St. Joseph Belt was not under private operation within the meaning of section 204 of the transportation act, at any time during the period from January 1, 1918, to March 25, 1919.

We also find that the operation subsequent to March 25, 1919, was in legal effect operation by the government. Section 14 of the federal control act set a general limit upon federal control and named three methods by which such control might be earlier terminated: (1) Relinquishment by the Director General, at his option, prior to July 1, 1918; (2) relinquishment by the Director General, by agreement with the carrier, after July 1, 1918; and (3) relinquishment of all roads at one time at the option of the government. None of these processes has been employed in this case. The letter of the regional director, dated March 25, 1919, did not purport to be a relinquishment of the St. Joseph Belt, but was intended as notice that the Director General did not regard the carrier as being under federal control. If the St. Joseph Belt was not previously under federal control, no such notice was necessary. If, on the other hand, it was previously under federal control, the letter could have no effect upon the status, in the absence of agreement with the owners of the road.

It follows that the application must be denied. An order will be entered accordingly.

ORDER.

A hearing having been held on this application and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the application of said St. Joseph Belt Railway Company be, and it is hereby, denied.

FINANCE DOCKET No. 1062.

IN THE MATTER OF THE APPLICATION OF THE TRANS-MISSISSIPPI TERMINAL RAILROAD COMPANY ET AL.
FOR AUTHORITY TO ENTER INTO AGREEMENT FOR
EXTENSION AND GUARANTY OF THREE-YEAR GOLD
NOTES.

Submitted November 1, 1920. Decided December 4, 1920.

1. Authority granted to the Trans-Mississippi Terminal Railroad Company, the Texas & Pacific Railroad Company, the Missouri Pacific Railroad Company, and J. L. Lancaster and Charles L. Wallace as receivers of the Texas & Pacific Railway Company, to enter into a contract extending the maturity date of 6 per cent three-year gold notes, heretofore extended to November 1, 1920, with interest at 7 per cent, issued by the Trans-Mississippi Terminal Company, a predecessor of the Trans-Mississippi Terminal Railroad Company, from November 1, 1920, to November 1, 1923, with interest thereon increased from 7 to 7½ per cent per annum.
2. Authority granted to the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and J. L. Lancaster and Charles L. Wallace as receivers of the Texas & Pacific Railway Company, to assume obligation or liability in respect to said gold notes so extended as guarantors.

Thomas J. Freeman for Trans-Mississippi Terminal Railroad Company and Texas & Pacific Railway Company and its receivers.

Edw. J. White for Missouri Pacific Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

In the application filed the Trans-Mississippi Terminal Railroad Company is joined by the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and J. L. Lancaster and Charles L. Wallace as receivers of the Texas & Pacific Railway Company. These joined parties are herein termed, respectively, the Texas company, the Missouri company, and the receivers. For the purpose of collective designation they are termed the joined parties.

The applicant and the joined parties, who are common carriers by railroad engaged in interstate commerce, are seeking authority, under section 20a of the interstate commerce act, to enter into an agreement, to be dated November 1, 1920, within the Equitable Trust Company of New York and all the holders of \$3,853,000 of 6 per cent 3-year gold notes issued in 1914 by the Trans-Mississippi Terminal Company, a predecessor of the applicant, heretofore extended with in-

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terest at the rate of 7 per cent per annum, to become payable November 1, 1920, for the purpose of further extending the maturity date of said notes to November 1, 1923, and increasing the rate of interest thereon from 7 to 7½ per cent per annum.

For the purpose of obtaining funds for the acquisition of property and construction of its facilities in the city and port of New Orleans, La., the Trans-Mississippi Terminal Company, on July 1, 1914, made, executed, and delivered to the Guaranty Trust Company of New York a first mortgage covering all its property, land, franchises, and rights of every nature to secure an issue of \$7,500,000 of its first-mortgage bonds, bearing interest at the rate of 5 per cent per annum and maturing July 1, 1944.

It being found that the bonds could not then be sold without great sacrifice the Trans-Mississippi Terminal Company on November 2, 1914, entered into a trust agreement with the Equitable Trust Company of New York, under which there were issued \$4,250,000 of 6 per cent 3-year gold notes with a maturity of November 1, 1917, secured by the pledge of \$6,071,000 of first-mortgage bonds. The payment of the principal and interest of the bonds so pledged was guaranteed by the Texas company and the St. Louis, Iron Mountain & Southern Railway Company, a predecessor of the Missouri company. Of these gold notes \$597,000 have been redeemed and canceled, leaving \$3,653,000 now outstanding, which are secured by the pledge of \$5,213,000 of first-mortgage bonds of the Trans-Mississippi Terminal Company.

On the original date of maturity of the gold notes, namely, November 1, 1917, the applicant, which had succeeded the Trans-Mississippi Terminal Company, was unable to pay them. By agreement with the holders of the notes the maturity thereof was extended to November 1, 1920, the rate of interest being increased from 6 per cent to 7 per cent per annum, and the Texas company and the Missouri company guaranteeing the payment of the notes so extended. The Texas company, having, on October 27, 1916, been placed in the hands of receivers, the receivers of its property and assets joined in the guaranty.

The property and facilities of the applicant are being used by the joined parties under a terminal agreement dated June 15, 1914, between the Trans-Mississippi Terminal Company, the Texas company, and the St. Louis, Iron Mountain & Southern Railway Company, which agreement covered a period of 99 years and required the two last-named companies to pay, among other things, interest on the outstanding securities of the Trans-Mississippi Terminal Company, taxes, and operating expenses incidental to the handling of their business. Control is exercised over the applicant by the joined par-

ties by reason of the fact that the Texas company, now subject to the receivership, and the Missouri company, each own substantially one-half of applicant's outstanding capital stock. Where one company has succeeded another the successor company has assumed the obligations of its predecessor.

The applicant and the joined parties represent that they are without funds with which to pay the gold notes which matured on November 1, 1920. It appears that the holders of the notes are willing to agree to a further extension of the same to November 1, 1923, the rate of interest to be increased from 7 per cent to $7\frac{1}{2}$ per cent per annum and the notes to be guaranteed as now by the joined parties.

The holders of the outstanding gold notes are:

Executors of and trustees under the last will and testament of Jay Gould, deceased.....	\$3, 023, 000
Missouri Pacific Railroad Company.....	148, 000
J. L. Lancaster and Charles L. Wallace, as receivers of the Texas company	487. 000
Total.....	8, 653, 000

The applicant and the joined parties propose to enter into a written agreement with the holders of all of the outstanding gold notes and with the Equitable Trust Company of New York, trustee under the trust agreement of November 2, 1914, under which the notes were issued, for the purpose of further extending the maturity of the same and increasing the rate of interest thereon. To each note so extended there will be annexed coupons authenticated by the treasurer of the applicant covering the semiannual interest at the rate of $7\frac{1}{2}$ per cent per annum from November 1, 1920, payable on the 1st days of May and November in each year, beginning May 1, 1921, and ending November 1, 1923. There will be placed upon each note (1) the indorsement of the Equitable Trust Company of New York, trustee, substantially setting forth the fact of extension and the terms thereof; (2) the indorsement of the Missouri company jointly and severally guaranteeing the due and punctual payment of the principal and interest; (3) the indorsement of the Texas company jointly and severally guaranteeing the due and punctual payment of the principal and interest; and (4) the indorsement of J. L. Lancaster and Charles L. Wallace, in their capacities as receivers of the Texas company, setting forth that they adopt, joint in, and become a party to the joint and several guaranty of the Missouri company and the Texas company, with appropriate references to the authority conferred upon said receivers. The forms of the indorsement are to be substantially as set forth in the proposed agreement, a copy of which is filed with the application.

Section 1 of article 3 of the trust agreement of November 2, 1914, provides that all or any part of the notes may be redeemed or paid prior to maturity at 101 per cent of the face amount thereof, together with accrued interest. The proposed agreement provides that at any time after the 1st day of November, 1920, the said notes or any part thereof may be redeemed by the Trans-Mississippi Terminal Railroad Company by the payment of the principal thereof and accrued interest in the manner and form and with the effect stipulated in section 1 of article 3 of the trust agreement between the Trans-Mississippi Terminal Company and the Equitable Trust Company of New York, as trustee, dated November 2, 1914, executed to secure said notes. Except as modified by the proposed agreement, the trust agreement of November 2, 1914, is to remain in full force and effect and govern the rights and liabilities of the maker and holders of the notes and of the trustee thereunder.

J. L. Lancaster and Charles L. Wallace were appointed receivers of the Texas company on December 1, 1919, by the United States district court for the western district of Louisiana in *B. F. Bush, Receiver, St. Louis, Iron Mountain & Southern Railway Company v. the Texas & Pacific Railway Company*, No. 1120 in equity. It is in their capacities as receivers that they have joined in this application. By order of court, the receivers were duly authorized and directed to join in the proposed agreement for the extension of the date of payment of the principal of the gold notes and to indorse them with their guaranty of the payment of the principal and of the interest due and to become due.

Copies of all agreements, orders of court, and other documents essential to a proper consideration of the application have been filed with it. The application was made under oath, signed, and filed on behalf of the applicant, the Texas company, and the Missouri company, by an executive officer of each of them duly designated for that purpose. The receivers duly appointed by the court joined in the making, signing, and filing of the application, they having knowledge of the matters therein contained. Notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the applicant and the joined parties operate. No objection to the granting of the application has been offered by any competent state authority.

We find that the proposed contract for the extension of the maturity date of the outstanding gold notes in face amount of \$3,653,000, from November 1, 1920, to November 1, 1923, with interest thereon at the rate of $7\frac{1}{2}$ per cent per annum, and the proposed assumption of obligation or liability in respect to said notes as guarantors by in-

dorsement of the same by the Texas company, the Missouri company, and the receivers in the manner provided in the proposed extension contract (a) are for lawful objects within the respective corporate purposes of the applicant, the Texas company, and the Missouri company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant and the joined parties of service to the public as common carriers, and which will not impair their ability, or the ability of any of them, to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Trans-Mississippi Terminal Railroad Company, the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and J. L. Lancaster and Charles L. Wallace, receivers of the Texas & Pacific Railway Company, be, and they are hereby, authorized to enter into a written agreement, to be dated November 1, 1920, with the Equitable Trust Company of New York, trustee, and the present holders of \$3,653,000 of 6 per cent three-year gold notes, issued November 2, 1914, by the Trans-Mississippi Terminal Company and now outstanding, said notes having been heretofore extended to mature on November 1, 1920, and with interest at the rate of 7 per cent per annum, for the purpose of further extending the maturity of said notes from November 1, 1920, to November 1, 1923, and increasing the rate of interest thereon during said further extended period from 7 per cent to $7\frac{1}{2}$ per cent per annum, said notes or any part thereof to be redeemable by the Trans-Mississippi Terminal Railroad Company at any time after November 1, 1920, by the payment of the principal thereof and accrued interest, all as set forth in the application.

It is further ordered, That the Texas & Pacific Railway Company, the Missouri Pacific Railroad Company, and J. L. Lancaster and Charles L. Wallace, receivers of the Texas & Pacific Railway Company, be, and they are hereby, authorized to assume the obligations or liabilities of guarantors, by indorsement of \$3,653,000 of said 6 per cent three-year gold notes, the maturity of which is hereinbefore authorized to be extended to November 1, 1923, with interest

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increased to the rate of $7\frac{1}{2}$ per cent per annum, the indorsements to be substantially in the forms set forth in the copy of the proposed extension agreement filed with the application.

It is further ordered, That a properly verified copy of said extension agreement shall be filed with this Commission within 10 days after the same shall have been executed and delivered as herein authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1073.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE FORT SMITH & WESTERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE RECEIVER'S CERTIFICATE AND TO PLEDGE IT AS COLLATERAL SECURITY.

Submitted December 2, 1920. Decided December 4, 1920.

Authority granted for the issue of receiver's certificate for \$156,000, to be dated November 1, 1920, to be payable to bearer, and to mature 5 years after date, with interest at the rate of 6 per cent per annum; and to pledge said certificate with the Secretary of the Treasury as security for a loan of \$156,000 from the United States under section 210 of the transportation act, 1920, as amended.

Harry P. Warner for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Fort Smith & Western Railroad Company is a common carrier by railroad engaged in interstate commerce. Heretofore by appropriate order, entered October 9, 1915, the district court of the United States for the western district of Arkansas, Fort Smith division, duly appointed Arthur L. Mills receiver of that railroad. In that capacity he applies for authority under section 20a of the interstate commerce act to issue a receiver's certificate in the principal amount of \$156,000 and to pledge the same with the Secretary of the Treasury as security for a loan of like amount from the United States, under the provisions of section 210 of the transportation act, 1920, as amended.

The certificate proposed to be issued is to be dated as of November 1, 1920, and will be payable to bearer and mature five years after date. It will bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and December, respectively.

We have previously approved the making of a loan of \$156,000 to the applicant by the United States, under the provisions of section 210 of the transportation act, 1920, as amended, to aid him in procuring new equipment and in making additions and betterments to existing equipment and to way and structures, as specified in our certificate No. 48, dated December 6, 1920. Authority is desired by

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the applicant to pledge the certificate proposed to be issued with the Secretary of the Treasury as security for said loan.

The application was made under oath, signed, and filed by the receiver in accordance with authority conferred on him by an order of the aforesaid district court entered on October 29, 1920. Notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Arkansas and Oklahoma, the only states in which the carrier operates. No objection to the granting of the application has been offered by the railroad, public service, or utilities commission, or other appropriate authority of either of the states mentioned.

We find that the proposed issue and pledge of said receiver's certificate (a) are for a lawful object within the corporate purposes of the Fort Smith & Western Railroad Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That Arthur L. Mills, receiver of the Fort Smith & Western Railroad Company, be, and he is hereby, authorized (1) to issue a receiver's certificate in the principal amount of \$156,000 in pursuance of and in accordance with certain orders and decrees of court heretofore made in *The Superior Savings & Trust Company v. Fort Smith & Western Railroad Company*, No. 254 in equity, pending in the United States district court for the western district of Arkansas, Fort Smith division, said receiver's certificate to be dated November 1, 1920, to be payable to bearer, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and December, and the principal amount thereof to be payable five years after date; said receiver's certificate to be in the form submitted with the application; and (2) to pledge said receiver's certificate with the Secretary of the Treasury as security for a loan of \$156,000 from the United States to said receiver, under section 210 of the transportation act, 1920, as amended, as specified in the Commission's certificate No. 48, dated December 6, 1920.

It is further ordered, That said receiver's certificate shall be used solely for the purpose set forth in the application and shall not be used, sold, pledged or repledged, or otherwise disposed of, for any other purpose, except as may be authorized by the future order of this Commission.

It is further ordered, That the applicant shall make report to the Commission within 10 days thereafter of (1) the issue of said receiver's certificate, (2) the pledge of the same, and (3) the payment or redemption thereof.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said receiver's certificate, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 958.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE FORT SMITH & WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted December 2, 1920. Decided December 6, 1920.

Application granted and loan of \$156,000 approved.

Arthur L. Mills and A. C. Dustin for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

Arthur L. Mills, receiver of the Fort Smith & Western Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the receiver, on May 10, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, and on June 8 and 16, and September 17, 1920, the receiver amended and supplemented his application. On November 6 and December 2, 1920, the receiver further supplemented his application by filing duly certified copies of orders, dated October 29 and November 30, 1920, of the United States district court having jurisdiction, entered with the consent of the complainant in the proceedings wherein the receiver was appointed, and ratifying and confirming his action in applying for the loan and authorizing the issuance and pledge of the collateral security offered therefor.

In the application, as amended and supplemented, the receiver sets forth:

1. That the amount of the loan desired is \$156,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the receiver in providing himself with equipment,
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in making additions and betterments to existing equipment, and to way and structures, as follows:

Purposes.	Estimated cost.	Financed by receiver.	Loan by the United States.
New equipment:			
1 milkado-type freight locomotive.....	\$45,000	\$22,000	\$23,000
Additions and betterments; rebuilding and strengthening existing equipment:			
126 open-top cars, at \$420 each (\$52,920).....	198,330	153,330	40,000
234 box cars, at \$600 each (\$140,400).....			
Way and structures:			
32,160 linear feet of sidetracks at \$2.10 per foot (\$67,536).....	87,086	44,086	43,000
50 switches, at \$390 each (\$19,500).....			
Ballast for soft cuts and fills.....	100,000	50,000	50,000
Total.....	425,356	269,356	156,000

4. That the security offered is a receiver's certificate of indebtedness issued under order of court and secured by a lien upon the property and franchises of the Fort Smith & Western Railroad Company.

5. That the public convenience and necessity will be served by providing the receiver with the aforesaid equipment and enabling him to make the aforesaid additions and betterments.

The application was accompanied by such facts in detail as the Commission required with respect to physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the receiver, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability to make good the obligation, as the Commission deemed pertinent to the inquiry.

The receiver in his supplemental application of September 17, 1920, requested that consideration of that portion of its original application in respect of a loan for widening embankments and for station buildings, and also in respect of a loan for the purchase of two locomotives, be deferred. The matter of a loan on account of these items will be given consideration hereafter.

After investigation, we find that the making of a loan of \$156,000 to the receiver by the United States to aid him in purchasing one freight locomotive and in making additions and betterments to existing freight-train equipment and way and structures to promote the movement of freight-train cars is necessary in order to enable the receiver properly to meet the transportation needs of the public; that the prospective earning power of the receiver, and the character and value of the security offered, afford reasonable assurance of his ability to repay the loan within the time fixed therefor and to meet his other obligations in connection with such loan and reasonable protection to the United States; and that the receiver is unable to

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provide himself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 48 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$156,000 by the United States to Arthur L. Mills, receiver of the Fort Smith & Western Railroad Company, hereafter referred to as the receiver, for the purpose of assisting the receiver in the purchase of equipment and the making of additions and betterments to existing equipment and way and structures, is necessary to enable the receiver properly to meet the transportation needs of the public.

2. That the prospective earning power of the receiver and the character and value of the security offered are such as to furnish reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor and to meet his other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$156,000.

4. That the time from the making thereof within which the loan is to be repaid is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be collaterally secured by the hypothecation and pledge of a receiver's certificate of indebtedness in principal amount of \$156,000, which shall mature concurrently with the maturity of the loan, and bear interest payable semiannually on the 1st day of June and December each year at the rate of 6 per cent per annum; said receiver's certificate of indebtedness to be substantially in the form and substance set forth in that certain order of the district court of the United States for the western district of Arkansas, Fort Smith division, dated and entered the 30th day of November, 1920, in the case of *Superior Savings & Trust Company v. Fort Smith & Western Railroad Company*, in equity No. 254.

(b) The receiver may repay all or any part of the loan at any time before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(c) The receiver shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together

with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said receiver to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any or all such loans.

(d) Any payment made by the receiver of principal and interest of the certificate of indebtedness to be hypothecated and pledged as security for the loan, as provided in subparagraph (a) of paragraph 5 hereof, may be applied as a credit upon the obligation evidencing the loan.

(e) The receiver has agreed in an instrument in writing dated the 1st day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the receiver in connection with the loan shall be so financed that the cost to the receiver of any loan secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discount, attorneys' fees, and any and all other expenses in connection with said loan. (2) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made. (3) The receiver shall furnish the Commission on or about July 1 and December 1, 1921, detailed certificate under oath of his chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned or shall be repaid to the United States, on or before July 1, 1921. In event that the Commission shall certify to the Secretary of the Treasury that the receiver has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the receiver, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the receiver's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the receiver, in the opinion of the Commission, is unable to provide himself with funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 6th day of December, 1920.

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FINANCE DOCKET No. 1033.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted November 29, 1920. Decided December 6, 1920.

Application granted and loan of \$38,000 approved.

H. G. Buchanan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Virginia Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 19, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant in meeting its maturing indebtedness. On September 29 and November 15, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$38,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting the past due and first-lien mortgage on its franchise and properties now held by the First National Bank of Richmond, Va., in the amount of \$75,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$76,000 of applicant's first-mortgage 10-year 6 per cent gold bonds, due 1931, and in addition thereto the unrestricted indorsement and guaranty of the Marion & Rye Valley Railroad Company.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing indebtedness, thus avoiding receivership and permitting the applicant to continue to operate its line for the benefit of the public without interruption.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as we deem pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amount hereinbefore set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 66 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$38,000 by the United States to the Virginia Southern Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$38,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$76,000, principal amount, of applicant's first-mortgage 10-year 6 per cent gold bonds, due 1931, issued under an indenture of mortgage dated January 1, 1921, and executed by the applicant to the Virginia Trust Company

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of Richmond, Va., as trustee. Said bonds are in coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1 to 76, inclusive.

(b) The loan shall be further secured by the unrestricted indorsement and guaranty, as to both principal and interest, of the Marion & Rye Valley Railroad Company. Said indorsement and guaranty may be in substantially the following form:

For value received, ----- Company, a corporation duly organized and existing under and by virtue of the laws of the state of -----, hereby indorses and unconditionally guarantees to the holders hereof payment of the within (or foregoing) note in the full principal amount of \$-----, with interest, when and as the same shall become due and payable, whether at maturity or by declaration or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder thereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said note, and/or interest thereon, unless and until said note and all interest thereon and expenses thereof are paid in full.

In Witness Whereof ----- Company has caused this guaranty to be signed by its President or Vice President and its corporate seal to be hereunto affixed and duly attested by its secretary this ----- day of -----, 1920.

----- Company,
By -----,
President.

Attest:

-----,
Secretary.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged

heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 26th day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with such loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and the character and value of the security offered furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 26th day of January, 1921.

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FINANCE DOCKET NO. 980.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved December 10, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amendment to Certificate No. 34, for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 34 for a loan of \$719,000 by the United States to the Long Island Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by adding to subparagraph (a) of paragraph 5 of said certificate No. 34, at the end thereof, the following clause:

Said guaranty and indorsement shall be substantially in the following forms:

For value received, Pennsylvania Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the State of Pennsylvania, hereby indorses and unconditionally guarantees to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$----- with interest, when and as the same shall become due and payable, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence.

In Witness Whereof, Pennsylvania Railroad Company has caused this guaranty to be signed by its president or vice president and its corporate seal to be hereunto affixed and duly attested by its secretary this ----- day of -----, 1920.

PENNSYLVANIA RAILROAD COMPANY,
 By -----
 President.

Attest:

 Secretary.

and by eliminating from subparagraph (c) of paragraph 5 of said certificate No. 34 the following clause:

The security pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the payment of any and all such loans.

so that the whole of said subparagraphs (a) and (c) of paragraph 5 of said certificate No. 84 shall read, respectively, as follows:

(a) The loan shall be repaid in 10 equal annual instalments of \$71,900 each, maturing consecutively in 1 to 10 years from the date of the loan, and shall be secured as to both principal and interest by the unrestricted guaranty and indorsement of the Pennsylvania Railroad Company. Said guaranty and indorsement shall be substantially in the following form:

"For value received, Pennsylvania Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the state of Pennsylvania, hereby endorses and unconditionally guarantees to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$----- with interest, when and as the same shall become due and payable, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence.

In Witness Whereof, Pennsylvania Railroad Company has caused this guaranty to be signed by its President or Vice-President and its corporate seal to be hereunto affixed and duly attested by its secretary this ----- day of ----- 1920.

PENNSYLVANIA RAILROAD COMPANY,
By -----

President.

Attest:

Secretary.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required.

Done in Washington, D. C., this 10th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 1100.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO EXECUTE EQUIPMENT-TRUST AGREEMENT AND LEASE AGREEMENT, AND TO GUARANTEE CERTIFICATES.

Submitted November 26, 1920. Decided December 14, 1920.

Authority granted (1) to enter into proposed equipment-trust agreement to be dated December 1, 1920, by the applicant, vendors of certain equipment, and the Commercial Trust Company, under which said equipment will be held in trust for the benefit of holders of \$4,500,000 of trust certificates to be issued thereunder; (2) to enter into separate agreement of lease covering said equipment; and (3) to assume obligation or liability, as guarantor by indorsement, for the payment of the principal of said trust certificates for \$1,000 each, and dividends thereon at the rate of 6½ per cent per annum.

A. C. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to enter into an equipment-trust agreement and a lease of equipment in pursuance thereof, and to guarantee the payment of the principal and dividends of the trust certificates to be issued under said equipment-trust agreement, in the aggregate amount of \$4,500,000.

The applicant desires to procure equipment, at the estimated costs given below, as follows:

20 Mallet superheater freight locomotives, numbered 895 to 914,	
inclusive, at \$89,990 each.....	\$1, 799, 800
5 ten-wheel superheater switching locomotives, numbered 60 to 64,	
inclusive, at \$63,650 each	318, 250
1,000 hundred-ton steel cars, at \$6,000 each.....	6, 000, 000
Total	8, 118, 050

The estimated freight and inspection charges, less the estimated amount of refund on specialties, are included in the foregoing figures.

Part of the funds needed to procure this equipment will be derived from a loan in the sum of \$3,759,000 from the United States to the applicant, under section 210 of the transportation act, 1920, as §5 I. C. C.

amended, the making of which we have heretofore approved upon the condition that the balance should be so financed from sources other than the United States that the cost thereof to the applicant should not exceed $7\frac{1}{2}$ per cent per annum, including interest, discount, attorneys' fees, and other expenses.

In order to provide for this balance, it is proposed that Harry E. Righter and Andrew S. Hannum, termed the vendors, the Commercial Trust Company, termed the trustee, and the applicant shall enter into an agreement to be dated December 1, 1920, known as the Chesapeake and Ohio equipment trust, series S, a copy of which is filed with the application, under which the vendors will convey and deliver the trust equipment to the trustee in trust for the equal benefit of the holders of the interests represented by the trust certificates to be issued by the trustee under said equipment-trust agreement.

Simultaneously with the execution of the trust agreement the trustee will execute and deliver to the applicant a lease of the equipment, likewise to be dated December 1, 1920, a copy of which is also filed with the application, under which the applicant will agree, among other things, to pay to the trustee rent which shall be sufficient to pay and discharge the principal of the trust certificates and the dividend warrants attached thereto when and as the same shall become payable. This lease will continue in force until the applicant has paid all rent and other charges in conformity with the terms thereof. Upon the termination of the lease the title to the equipment will become vested in the applicant.

Trust certificates will be issued by the trustee, as aforesaid, in denominations of \$1,000, registrable as to principal, bearing date of December 1, 1920, and maturing severally, as follows:

Nos. 1 to 375, inclusive.....	December 1, 1924.
Nos. 376 to 750, inclusive.....	December 1, 1925.
Nos. 751 to 1125, inclusive.....	December 1, 1926.
Nos. 1126 to 1500, inclusive.....	December 1, 1927.
Nos. 1501 to 1875, inclusive.....	December 1, 1928.
Nos. 1876 to 2250, inclusive.....	December 1, 1929.
Nos. 2251 to 2625, inclusive.....	December 1, 1930.
Nos. 2626 to 3000, inclusive.....	December 1, 1931.
Nos. 3001 to 3375, inclusive.....	December 1, 1932.
Nos. 3376 to 3750, inclusive.....	December 1, 1933.
Nos. 3751 to 4125, inclusive.....	December 1, 1934.
Nos. 4126 to 4500, inclusive.....	December 1, 1935.

Dividend warrants evidencing the right of the holders to dividends on the amount of their trust certificates, at the rate of $6\frac{1}{2}$ per cent per annum from December 1, 1920, payable semiannually on June 1 and December 1 in each year, to and including the designated date of maturity, will be annexed to the respective trust certificates.

It is provided in the proposed trust agreement that the applicant shall, at or before the issue and delivery of the trust certificates by

the trustee, indorse upon each its guaranty of the prompt payment of the principal and dividends.

Arrangements have been made with Kuhn, Loeb & Company and the National City Company for the sale of these certificates at 95 per cent of par, and accrued dividends, delivery of the certificates and payment therefor to be made on or before December 20, 1920.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the execution of the proposed trust agreement and lease by the applicant and its assumption of obligation or liability as guarantor by indorsement of the trust certificates to be issued thereunder (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chesapeake & Ohio Railway Company be, and it is hereby, authorized (1) to enter into an equipment-trust agreement to be dated December 1, 1920, between Harry E. Righter and Andrew S. Hannum, the Commercial Trust Company, and the applicant, under which the equipment described in the application will be conveyed in trust for the equal benefit of the holders of the trust certificates to be issued by the Commercial Trust Company, known as the Chesapeake & Ohio equipment-trust certificates, series S, in the aggregate principal amount of \$4,500,000; said trust certificates to be in the principal amount of \$1,000 each, to be dated December 1, 1920, and to mature and be payable serially in equal annual installments on the first day of December in each year from December 1, 1924, to December 1, 1935, inclusive, as set forth in the application; each of said certificates to have annexed thereto appropriate dividend warrants evidencing the right of the holder

of the certificate to dividends thereon, at the rate of $6\frac{1}{2}$ per cent per annum, from the first day of December, 1920, payable semiannually, on June 1 and December 1 in each year, to and including the respective dates of maturity designated therein; (2) to enter into a lease of the equipment with said Commercial Trust Company, to be dated December 1, 1920, under which the applicant will have the use and possession of the equipment, and will become obligated to pay, among other things, rent which shall be in a sum sufficient to pay and discharge the principal of the aforesaid trust certificates and the dividend warrants annexed thereto; and (3) to assume obligation or liability, as guarantor by indorsement of each of the aforesaid Chesapeake & Ohio equipment-trust certificates, series S, for the prompt payment of the principal thereof, when and as the same shall become due and payable, and of the dividends thereon, at the rate of $6\frac{1}{2}$ per cent per annum on the semiannual dates specified in the trust certificates and dividend warrants annexed thereto, said indorsement to be substantially in the form submitted with the application.

It is further ordered, That the Chesapeake & Ohio Railroad Company be, and it is hereby, authorized to sell or otherwise dispose of said trust certificates at such price, not less than 95 per cent of par and accrued dividends, that the total cost to the applicant involved in the issue and sale or disposition thereof, shall not exceed $7\frac{1}{2}$ per cent per annum of the principal amount thereof, including in such cost the semiannual dividends, discounts, attorneys' fees, and all other expenses in connection therewith.

It is further ordered, That said trust certificates shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise disposed of by the applicant until otherwise ordered by this Commission.

It is further ordered, That the applicant shall make a report to this Commission of all pertinent facts in connection with the sale or other disposition of said trust certificates as herein authorized within 10 days after the same shall have been sold, or otherwise disposed of, said report to be properly verified by an executive officer of the applicant, having knowledge of the facts.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said trust certificates, or dividends thereon, on the part of the United States.

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FINANCE DOCKET NO. 8.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL VERMONT RAILWAY COMPANY FOR AUTHORITY TO ISSUE REFUNDING-MORTGAGE BONDS.

Submitted November 18, 1920. Decided December 15, 1920.

Authority granted to issue not to exceed \$1,359,000 of refunding-mortgage 5 per cent gold bonds to pay and satisfy in full an equal amount of indebtedness to the Grand Trunk Railway Company of Canada.

John W. Redmond and Edward C. Bailly for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

By its application in this proceeding the Central Vermont Railway Company asked for authority to issue \$15,000,000 of its refunding mortgage 5 per cent gold bonds. In our order of August 25, 1920, made after formal hearing, the issue of such bonds in the principal amount of \$12,000,000 was authorized, for the purpose of retiring the applicant's 4 per cent first mortgage gold bonds which matured on May 1, 1920, in a like aggregate amount.

As to the remaining \$3,000,000 of such bonds, which the applicant proposed to use in paying and discharging its unsecured indebtedness to the Grand Trunk Railway Company of Canada and for its other proper corporate purposes, sufficient evidence was not presented which would justify our authorizing their issue. Action on that part of the application was consequently deferred.

Additional facts have been submitted in support of the application for authority to issue the \$3,000,000 of bonds. It now appears that for the 10-year period ended December 31, 1919, the sum of \$2,057,457.94 was expended by the applicant for additions and betterments upon owned and leased property. These expenditures were made out of funds derived from operation, including collections representing traffic balances due the Grand Trunk Railway. Amounts due from the applicant to that company for interest, hire of equipment, supplies, and miscellaneous items, also, were not paid, and moneys that might have been used in making such payments were,

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by arrangement with the Grand Trunk Railway, actually used in making the aforesaid additions and betterments.

The Grand Trunk Railway owns a majority of the capital stock of the applicant. The indebtedness of the applicant to the Grand Trunk Railway on June 30, 1920, was \$2,529,016.84, of which amount \$1,170,000 is collaterally secured by applicant's refunding-mortgage 5 per cent gold bonds, in a like amount, and \$1,359,016.84 is unsecured.

It is shown that the unsecured amount is representative of part of the additions and betterments made, and it is now proposed to issue refunding-mortgage 5 per cent gold bonds for the principal amount of \$1,359,000 and use the same in full payment and satisfaction of the applicant's unsecured indebtedness in that amount to the Grand Trunk Railway Company. As to the remaining \$1,641,000 of such bonds, for the issue of which authority is asked, the record does not contain facts sufficient to justify the granting of authority for issue at this time.

We find that the proposed issue of \$1,359,000 of refunding-mortgage 5 per cent gold bonds by the applicant (a) is for a lawful object within its proper purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation and consideration of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a supplemental report containing additional findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is further ordered, That the Central Vermont Railway Company be, and it is hereby, authorized to issue \$1,859,000 of refunding-mortgage 5 per cent gold bonds, to be dated May 1, 1920, and to mature May 1, 1930, bearing interest at the rate of 5 per cent per annum, payable semiannually on the first days of May and of November in each year, subject to and in accordance with the terms and conditions of a certain trust indenture, dated March 15, 1920, and executed by the applicant to the New York Trust Company, a true copy of which was filed with the application; said bonds to be used at par solely for the purpose of paying and satisfying the

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unsecured indebtedness of the applicant to the Grand Trunk Railway Company of Canada in a like amount.

It is further ordered, That the applicant shall make a report to this Commission of all pertinent facts relating to the issue of said bonds as herein authorized, within 10 days after the same shall have been issued, said report to be properly verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said refunding-mortgage gold bonds, or interest thereon, on the part of the United States.

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ORIGINAL ARTICLES

THE EFFECT OF THE INFLUENZA VIRUS ON THE
RESISTANCE OF THE BODY TO INFECTION
BY DR. J. H. HAY

THE EFFECT OF THE INFLUENZA VIRUS ON THE
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The influenza virus has been shown to be a
very active agent in the production of
infection. It is capable of multiplying
in the cells of the respiratory tract and
of spreading to other parts of the body.
It is also capable of inducing a
fever and other symptoms of infection.
The purpose of this study was to determine
the effect of the influenza virus on the
resistance of the body to infection.
The results of the study show that the
influenza virus has a marked effect on
the resistance of the body to infection.
It is capable of reducing the resistance
of the body to infection and of inducing
a fever and other symptoms of infection.
The results of this study are of great
importance in the study of the influenza
virus and its effect on the body.

Junction and Aragon Junction, a distance of 7.17 miles. Aragon Junction is between Faithorn Junction and Iron Mountain. Since that time the 13.8 miles of line between Aragon Junction and Iron Mountain has, of necessity, been out of service. The connection with the Soo line at Faithorn Junction has remained in use. The ties, culverts, and trestles on the 7.17 miles of right of way were left in place, and with some minor expenditures for repairs on one bridge and for surfacing, the line only requires relaying of the rails to make possible resumption of operations to Iron Mountain.

It is conceded that at the time the service in question was discontinued there was little necessity for operating the line between Faithorn Junction and Iron Mountain. There has always been a large tonnage of iron ore moving from Iron Mountain, but it was felt that the facilities offered by the Milwaukee and the Chicago & North Western Railway Company, hereinafter called the North Western, were reasonably adequate to handle this traffic. Recently there has been established at Iron Mountain a large plant for the manufacture of automobile bodies, which industry will presently add at least 5,000 workmen to the population of that city, now about 10,000. A large volume of new traffic will move between Iron Mountain and Menominee as a consequence of this development. Applicant has received numerous requests for reestablishment of its service in order to facilitate movement of that traffic. It is contended that this service, while competitive, is a necessity, because the reestablished line will afford the most direct route, and the only through movement between Menominee and Marinette, which are located on opposite sides of the state line, and are the chief business and industrial centers between Green Bay, Wis., and Escanaba, Mich. Shipments via the Milwaukee, it is pointed out, must be hauled over its main line to Ellis Junction, and there set out to be picked up by a branch-line train. Traffic moving between Iron Mountain and Menominee via the North Western must be rehandled in the same way at Powers, Mich. Over the applicant's line, however, traffic will enjoy a through movement and thus a saving of both time and expense will be effected. It is also contended that the movement of this new traffic will unquestionably overtax the two existing lines. There is no opposition of record on the part of these carriers.

Mention is also made of a probable tonnage of sugar beets and other agricultural products which will move to Menominee and points south and east, from stations between Faithorn Junction and Iron Mountain not served by any other carrier. This traffic, however, would not be sufficient in and of itself, to warrant resumption of operations over that portion of the line.

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Applicant presents a summary of the volume of traffic it anticipates, based upon actual study of the increased business to be handled by all lines as a result of the growth of industry at Iron Mountain. In this study, the fact that there are two other railroads serving the same points is taken into account and the figures represent the traffic expected to accrue to the applicant without diverting any substantial volume of business from the other carriers. The tonnage will consist chiefly of automobile bodies and parts moving from Iron Mountain to Menominee and thence via the Ann Arbor car ferry to assembling plants in lower Michigan and elsewhere; lumber moving from Iron Mountain over the same route to points east of the Indiana state line; and coal, building materials, and merchandise from eastern points to Iron Mountain and intermediate stations. For the first year of renewed operation applicant estimates a movement of about 50,000 tons, from which it should receive a gross revenue, on the basis of existing rates, of \$76,250, and a net revenue of \$11,437. At the end of five years, it is estimated, the tonnage and revenues will be greatly in excess of those figures.

The cost of relaying the rails, surfacing, and repairing bridges and culverts is estimated at \$62,740, on the basis of present prices.

For many years applicant has operated a railroad over the entire route of about 60 miles, which the rehabilitation of the mileage embraced within the instant application will reestablish. The question whether or not this railroad shall be constructed at all is therefore not presented; on the contrary, we have before us a considerable mileage now in operation, tracks ready for operation in extent about twice the mileage which applicant desires to rehabilitate and which rehabilitation will make it possible once more to operate the entire line from Bagley Junction to Iron Mountain. In view of what is now there and in further view of the public service which the entire line may perform, we think an opportunity should be afforded applicant to develop its property and the territory immediately served by it.

Upon consideration of the whole record we are of the opinion that there is a transportation need to be met by the resumption of operations over the applicant's line, and that the handling by the applicant of that part of the traffic which may be expected to accrue to it will not prove unduly detrimental to the interests of other carriers.

We therefore find that the present and future public convenience and necessity require the reconstruction of the applicant's line and resumption of operation over the same, as prayed for in the application. A certificate to that effect will accordingly be issued.

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Certificate of Public Convenience and Necessity.

Be it known, that on the 22d day of September, 1920, the Wisconsin & Michigan Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate that the present or future public convenience and necessity require or will require the rebuilding of a line of railroad in Dickinson county, Michigan, and resumption of operation thereon by the applicant, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1, of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of Michigan, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of railroad is to be constructed and operated;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed construction and operation;

That a public hearing was held on said application, on due notice to all interested parties, including the state of Michigan, and all such parties were given an opportunity to be heard;

That on the 15th day of December, 1920, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof;

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth—

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity require that the Wisconsin & Michigan Railroad Company rebuild its line of railroad on the existing roadbed between Faithorn Junction and Aragon Junction, Dickinson county, Michigan, and resume operation over said line and over its existing line between Aragon Junction and Iron Mountain, Michigan.

Said Wisconsin & Michigan Railroad Company is hereby authorized to rebuild and operate its lines as above described.

Said Wisconsin & Michigan Railroad Company, when filing tariffs reestablishing rates and fares to and from points on said lines, shall refer to this certificate by date, title, and docket number.

65 I. C. C.

FINANCE DOCKET No. 29.

IN THE MATTER OF THE APPLICATION OF THE MICHIGAN NORTHERN RAILROAD COMPANY FOR AUTHORITY TO CONSTRUCT A LINE IN MICHIGAN.

Submitted December 1, 1920. Decided December 15, 1920.

Public convenience and necessity not shown to require the construction of a line of railroad in the counties of Ingham, Eaton, Clinton, Gratiot, Isabella, and Midland, state of Michigan. Application denied.

C. W. McGill, R. A. Latting, Roy F. Darwin, and Charles F. Warden for Michigan Northern Railroad Company.

Frank E. Robson for Michigan Central Railroad Company.

S. F. Masters and Clare Retan for state of Michigan and Michigan Public Utilities Commission.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Michigan Northern Railroad Company, by application filed pursuant to paragraph (18), section 1 of the interstate commerce act, seeks a certificate that the present or future public convenience and necessity require or will require the construction and operation by the applicant of a standard-gauge railroad from Lansing, Mich., to Midland, Mich., along the route hereinafter described.

Objection is made by the Michigan Public Utilities Commission on the theory that applicant is not a carrier subject to the act within the meaning of paragraph (18), section 1, and that therefore we have no jurisdiction in this proceeding; and further, that inasmuch as the proposed line is to be built wholly within the state of Michigan, applicant must obtain the permission of the Michigan commission in order to construct its line.

Applicant is a corporation, organized under the general incorporation laws of Michigan in May, 1919, to build a railroad some 285 miles long from Lansing, the state capital, to Bay City. The authorized capital stock is \$3,000,000, of which \$600,000 is common stock and \$2,400,000 preferred stock carrying voting power in case of non-payment of dividends. The plan was subsequently modified to provide for a line from Lansing to Midland, with a 17-mile branch from Pleasant Valley to Mount Pleasant, the whole line, including the branch, to be about 102 miles in length. The line as now proposed

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would begin at Lansing, in Ingham county, and extend west to Grand Ledge, in Eaton county, thence northerly through the counties of Clinton, Gratiot, and Midland, the branch extending into Isabella county.

The following table shows the population of the several towns and cities which would be reached by the proposed line, with the names of the carriers now serving them.

Town or city.	Carriers serving.	Population.
Lansing.....	Pere Marquette, Michigan Central, Grand Trunk, Michigan Railroad, Lansing Connecting Railroad, and New York Central.	57,327
Grand Ledge.....	Pere Marquette.	3,043
Westphalia (town and village).....	None.....	1,317
Fowler.....	Grand Trunk.....	472
Maple Rapids.....	None.....	466
Perrinton.....	Grand Trunk.....	419
Ithaca.....	Ann Arbor.....	2,074
Alma.....	do.....	7,563
St. Louis.....	Ann Arbor and Pere Marquette.....	3,036
Mount Pleasant.....	do.....	4,819
Midland.....	Michigan Central and Pere Marquette.....	5,483
Total population, excluding Lansing.....		28,671

These figures are taken from the reports of the United States census of 1920, and do not take into account the tributary rural population.

The territory proposed to be served is well settled, and contains some of the best agricultural land in the state. The portions which have had the advantage of railroad transportation, have attained a high state of development, but sections not now served by railroad have not experienced a corresponding growth, and it is in those communities that the demand for the new line is most insistent.

The existing north-and-south lines bounding this territory are on the average 45 miles apart; therefore the proposed line between them would have on either side a strip of territory varying from 5 to 11 miles and averaging 8 miles in width which would lie nearer the proposed railroad than to any existing north-and-south line. Beginning at Lansing, the proposed line would run parallel to and about 2 miles south of a line of the Pere Marquette Railroad as far as Grand Ledge, or 9.3 miles. Turning north and crossing the Pere Marquette at Grand Ledge, the line would run 20 miles north to Fowler and there cross the Grand Trunk Railway, and 15 miles north of Fowler another line of the latter system would be crossed at Perrinton. Thence north to a line of the Ann Arbor Railroad near Ithaca the distance would be about 8 miles, and about the same distance north of Ithaca the proposed route would cross the Pere Marquette at St. Louis. Between St. Louis and Midland, 27 miles, there is no intersecting line.

The proposed branch to Mount Pleasant would be 7 miles distant from the nearest parallel line for the first 7 or 8 miles and gradually approach the Ann Arbor until for the last 8 or 9 miles it would

parallel the latter about 3 miles distant. The railroads would be so situated that there are 571 square miles of territory which would be as near, or nearer, to the proposed line than to any existing line. The territory served primarily by the proposed line, therefore, would be equivalent to 5.6 square miles per mile of the new railroad. The average for the entire state, including the unproductive regions, is 6.45 square miles per mile of line.

Contemplated connections for interchange of traffic at all the above-named junction points are feasible and it is believed that both local and interstate traffic would move over the new line. Existing lines all have a large mileage as compared with that of the proposed route and handle a large volume of through business, and it is probable that the traffic which would be diverted from these lines by the new railroad would bear small ratio to the total traffic handled by any of them. All of these carriers had notice of this proceeding and none have made objection of record. The testimony is that these lines have been in existence 30 years or more, that during that period no new railroads have been built in that section, that the population has increased rapidly though the territory has not been developed to its full capacity on account of the expense of wagon haul to shipping points, and that the addition of new shipping points on the proposed line would greatly aid development.

It is stated that the soil of this region is peculiarly adapted to the growing of sugar beets, a large crop of which is produced immediately adjacent to the east-and-west lines of railroad, but that the raising of beets has not been deemed practicable in portions of the territory to be served by the new line. There are a number of sugar factories which would be accessible to patrons of the new line. This traffic moves chiefly during October, November, and the first half of December.

The dairy industry of the territory is highly developed and there are numerous condenseries and skimming stations. A large quantity of milk which would move over the proposed line is now hauled by truck over relatively long distances although the cost of transportation by truck has been a considerable deterrent to the growth of the dairy business. The truck rate is said to be about 42 cents per can of milk for an average haul of about 9 miles, but the size of the can is not stated. A large amount of milk is hauled 16 miles.

It is further stated that extensive deposits of gravel in the region, which are not now accessible to any railroad would be opened as soon as the new line is in operation. This commodity, it is contended, should move in large quantities on account of extensive road-building operations in the region, and should be able to compete on favorable terms with gravel from pits now in operation; and it is argued

that, considering the average haul, this traffic would prove a profitable one, although it moves on a relatively low rate.

Other products which, it is claimed, would move in increased volume are live stock, grain, hay, potatoes, some potash, and other chemicals.

Citizens of the communities affected desire a direct route to and from Lansing, in order that they may visit the capital and return the same day, which they can not do by means of the indirect route now available over existing lines. The present circuitous routing of freight to and from Lansing and Saginaw is also complained of because of delays at transfer points.

It is estimated from detailed study of the traffic said to be available to the proposed line the applicant would obtain a total freight movement of about 655,000 tons during the first year of operating after completion of the line, a total freight revenue of \$747,000, and small passenger, mail, express, switching, and other minor earnings which would give it a total annual revenue of about \$870,000. It is estimated that 60 per cent of this freight tonnage would be traffic which now moves by rail over longer distances, and 40 per cent would be new traffic.

Applicant's estimate of construction cost appears adequate if due allowance is made for cost of equipment, but the operating expense figures are too low. Accepting the estimates of revenues and construction cost, but substituting operating expenses on a ratio of 75 per cent, the result for the first year would be:

Cost of road (102 miles at \$35,373)-----	\$3, 608, 076
Equipment as listed (probable market cost)-----	464, 300
Total investment-----	4, 072, 376
Gross revenue-----	869, 510
Operating expenses-----	662, 312
Net earnings-----	207, 198
Taxes at 5 per cent of gross revenue-----	43, 475
Amount for depreciation and return-----	163, 723
Percentage of return-----	4. 02

Applicant predicts a much larger gross revenue for succeeding years, though no definite figures are given.

Testimony was given tending to show that the citizens of the localities which would be served are prepared to take up the entire authorized capital stock. There appears to have been no definite canvass of the whole field, but the work has been carried on in the community to be served by the first section to be built, and the amount needed for that section is definitely assured. In addition, sufficient stock-subscription agreements have been made to cover a little more than 25 per cent of the total cost. It is estimated that fully \$500,000

would be subscribed by interests at Lansing. It is thought that there would be no commissions or promotion expenses, the work of placing the stock being in charge of volunteer local committees. The funds would be deposited with a local bank as trustee until needed.

For that part of the cost in excess of \$3,000,000 the applicant relies upon a bond issue covered by a mortgage on the whole line, but no definite arrangements have been made with respect to such bonds.

The plan contemplates beginning construction at Perrinton and building a segment 6 miles long to Maple Rapids, thus opening up the gravel pits at the latter point and affording an outlet over the Grand Trunk at Perrinton for the dairy and agricultural products of the region surrounding Maple Rapids. The estimated cost of this first section is \$150,000. Construction of the second section would follow as soon as the first had been placed in operation. This section would extend south 15 miles to Westphalia, crossing the Grand Rapids division of the Grand Trunk at Fowler. This would afford an outlet for the dairy and agricultural products in that region. The third section would extend from Perrinton to Ithaca to connect with the Ann Arbor. The fourth section would complete the south end of the line from Westphalia to Lansing, affording a connection over the Belt Line with the carriers serving the state capital. The location of the terminal at Lansing has not been definitely determined. The portion of the line from Ithaca north to a connection with the Michigan Central near Midland would be built last. Additional stations would be provided for shipment of dairy and agricultural products. There would be no interval of time between the completion of one section and the beginning of work on the next, and the plan contemplates the completion of the line by the fall of 1922.

Under the plan above outlined the funded debt would constitute a relatively small charge against income, but interest charges on such bonds as might be taken down would have to be met before any dividend were paid on the preferred stock. Business men who have already subscribed for stock testify that if income during the early years should fail to produce a reasonable return from a purely investment standpoint, yet their advantage derived from the development of the territory would afford ample inducement for supplying the necessary capital.

We can not find in this record that degree of assurance of a reasonably successful enterprise which we believe the record should indicate to warrant us in issuing a certificate of convenience and necessity to the applicant. If the territory tributary to the proposed new line is capable of supporting a railroad such as is here in contemplation the facts should be brought before us with such completeness that a

conclusion warranting the granting of an application may be predicated thereon with that degree of certainty which every well-planned enterprise contemplates. We do not mean to imply that the applicant must make a showing which will eliminate all or even substantial risk because all railroad enterprises are subject to risks which the best human foresight can not anticipate. The present record, however, raises serious doubts regarding the probable success of the project. If the new line should be constructed, many people would doubtless build homes, schools, churches, and commercial and industrial establishments which, once constructed, would become and remain primarily dependent upon the projected railroad. In the event of failure of the new line these people would generally suffer more heavily than those who invest their money directly in the enterprise.

If the record now before us is not as strong as it can be made and the parties interested in this project desire to supplement the existing record early opportunity to do so will be afforded.

ORDER.

This case having been duly heard on application after notice to the governor of the state of Michigan and publication of such notice, together with copy of said application, for three consecutive weeks in a newspaper of general circulation in each county in or through which the said line of railroad is to be constructed or operated, and full investigation of the matters and things involved having been had, and said Division on the date hereof having made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application in this proceeding be, and it is hereby, denied.

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FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted December 13, 1920. Decided December 15, 1920.

Application granted in part and loan of \$1,929,373 approved.

S. M. Felton for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Chicago Great Western Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on October 16, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide itself with additions and betterments to equipment and to way and structures.

On November 30, 1920, the applicant amended and supplemented the application to include a loan to enable it to meet its maturing indebtedness.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$2,229,973.
2. That the term for which the loan is desired is 15 years.

3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with additions and betterments to equipment and to way and structures and to meet its maturing indebtedness as hereinbelow set forth:

Purpose.	Estimated cost.	Loan desired.
Additions and betterments to equipment:		
Rebuilding 500 box cars.....	\$650,000	.....
Rebuilding 197 hopper cars, series 62-M.....	334,900
Rebuilding 300 hopper cars, series 61-M.....	330,000
Total.....	1,314,900	\$1,314,900

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Purpose.	Estimated cost.	Loan desired.
Additions and betterments to way and structures:		
Laying heavier rail.....	\$108,482	
Additional ballast.....	279,591	
Additional yard tracks, Mason City, Iowa.....	35,000	
New machinery, Oelwein shop.....	90,000	
Turntable, Chicago, Ill.....	8,000	
Turntable, Des Moines, Iowa.....	8,000	
Bridge at Valeria, Iowa.....	86,000	
Car-repair shed, Kansas City, Mo.....	60,000	
Total.....	675,073	4675,073
Maturing indebtedness.....	240,000	240,000
Grand total.....	2,229,973	2,229,973

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the securities offered are applicant's first-mortgage 4 per cent gold bonds, due 1959, in the ratio of 2 to 1.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide itself with additional transportation facilities and to meet its maturing indebtedness, thus enabling it to maintain its credit and properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operations, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The matter of a loan for maturities was the subject of our certificate No. 46, of November 30, 1920, to the Secretary of the Treasury.

The Association of Railway Executives recommended that a loan be made to the applicant as follows: For additions and betterments to equipment, \$1,142,600; for additions and betterments to way and structures, \$150,500; total, \$1,293,100.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in the amounts hereinbelow set forth:

Purpose.	Estimated cost.	Loan desired.
Additions and betterments to equipment:		
Rebuilding 500 box cars.....	\$650,000	\$1,314,900
Rebuilding 197 hopper cars, series 62-M.....	334,900	
Rebuilding 300 hopper cars, series 61-M.....	330,000	
Total.....	1,314,900	1,314,900

Purpose.	Estimated cost.	Loan desired.
Additions and betterments to way and structures:		
Laying heavier rail.....	\$108,482	\$614,473
Additional ballast.....	279,591	
Additional yard tracks, Mason City, Iowa.....	35,000	
Boiler, Oelwein shop.....	40,000	
Air compressor, Oelwein shop.....	29,400	
Power house, Oelwein shop.....	20,000	
Turntable, Chicago, Ill.....	8,000	
Turntable, Des Moines, Iowa.....	8,000	
Bridge at Valeria, Iowa.....	86,000	
Grand total.....	1,929,373	1,929,373

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 52 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,929,373 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, for the purpose of enabling the applicant to provide itself with additions and betterments to existing equipment and to way and structures, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,929,373.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

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(a) The loan shall be secured by the pledge of \$3,860,000, principal amount, of applicant's first-mortgage 50-year 4 per cent gold bonds, due 1959, issued under an indenture of mortgage dated September 1, 1909, executed by the applicant to the Standard Trust Company of New York, as trustee. Said bonds are in denomination of \$1,000, in definitive coupon form, having coupon due March 1, 1921, and subsequent coupons attached, and are numbered 28041 to 31900, inclusive.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 15th day of November, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made, and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922.

In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

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6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 15th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 944.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted November 26, 1920. Decided December 15, 1920.

Application granted and loan of \$25,340,000 approved.

H. E. Byram for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on November 26, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$25,340,000.
2. That the term for which the loan is desired is 18 months from January 1, 1921.
3. That the purposes of the loan and the uses to which it will be applied are to meet the maturity of the entire outstanding issue of applicant's Chicago & Pacific western division 40-year 5 per cent gold bonds, due January 1, 1921, in a principal amount equal to the amount of the loan applied for, said bonds having been issued under an indenture of mortgage dated January 1, 1881, and executed by the applicant to the Farmers Loan & Trust Company of New York, as trustee.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is (a) \$29,000,000, principal amount, of applicant's general-mortgage 5 per cent gold bonds, due 1989, and (b) \$6,829,000, principal amount, of applicant's general and refunding mortgage series-Z 6 per cent gold bonds, due 2014.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet the

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maturity of its bonded indebtedness as herein set forth under circumstances and at a time when it is unable to do so by any other means at its disposal, thus restoring its credit and thereby enabling it properly to perform the services of transportation.

Said application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States for the purpose and in the amount hereinabove set forth for a term ending March 1, 1922, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 51 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$25,340,000 by the United States to the Chicago, Milwaukee & St. Paul Railway Company, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$25,340,000.

4. That the time from the making thereof within which the loan is to be repaid in full is March 1, 1922.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be secured by the pledge of applicant's mortgage bonds as follows: (1) \$29,000,000, principal amount, of general-mortgage 100-year 5 per cent gold bonds, due 1989, issued under an indenture of mortgage, dated May 1, 1889, executed by applicant to the United States Trust Company of New York, as trustee. Said bonds are in denomination of \$1,000,000 in temporary form without coupons, exchangeable for definitive bonds in the same aggregate principal amount and of the same tenor and date, in denomination of \$1,000, and are numbered 1 to 29, inclusive; (2) \$6,829,000, principal amount, of general and refunding mortgage series-Z 6 per cent gold bonds, due 2014, issued under an indenture of mortgage dated November 1, 1913, executed by the applicant to the Guaranty Trust Company of New York and Alexander J. Hemphill, as trustee. Said bonds are in temporary form, without coupons, exchangeable for definitive bonds of the same date, series, and aggregate principal amount, and substantially of the same tenor, are in denominations, and are numbered as follows:

Bond numbers.	Number of bonds.	Denomination.	Aggregate principal amount.
51 and 52.....	2	\$1,000,000	\$2,000,000
76 to 79.....	4	1,000,000	4,000,000
249.....	1	443,000	443,000
252.....	1	200,000	200,000
253.....	1	186,000	186,000
Total.....	9	.....	6,829,000

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 1st day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: The entire loan shall
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be used solely for the purpose of meeting the maturity of applicant's Chicago & Pacific western division mortgage 5 per cent bonds in a principal amount of \$25,340,000, due January 1, 1921. Reports to the Interstate Commerce Commission shall be made by the applicant on or before April 1, 1921, and every three months thereafter up to and including July 1, 1922, of the use made in respect of said loan. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly in complying with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 15th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 1039.

IN THE MATTER OF THE APPLICATION OF THE WILMINGTON, BRUNSWICK & SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO MAKE ADDITIONS AND BETTERMENTS.

Submitted November 26, 1920. Decided December 16, 1920.

Application granted and loan of \$90,000 approved.

M. J. Corbett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wilmington, Brunswick & Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on September 22, 1920, made application to us for a loan in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness, and in making additions and betterments to way and structures. November 26, 1920, the applicant orally amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$90,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are:

Purposes.	Principal amount and estimated cost.	Financed by applicant.	Loan from the United States.
Maturities:			
State Bank, Laurinburg, N. C., issued June 10, 1920, due Nov. 16, 1920.....	\$65,000	\$35,000	\$30,000
Wilmington Savings & Trust Co., Wilmington, N. C., issued Oct. 25, 1919, due Oct. 25, 1920.....	25,000	.....	25,000
Additions and betterments to way and structures:			
Dock facilities at Southport, N. C.....	35,000	.....	35,000
Total.....	125,000	35,000	90,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is Wilmington, Brunswick & Southern first-mortgage 30-year 5 per cent bonds, due 1941, \$168,000, and accumulated unclipped interest coupons of above bonds, \$50,400, a total principal amount of \$218,400.

6. That the extent to which public convenience and necessity will be served by the loan is that the applicant will be enabled to meet its maturing indebtedness and make additions and betterments which will enable it to adequately meet the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 56 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$90,000 by the United States to the Wilmington, Brunswick & Southern Railroad Company, herein-after referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, and in making additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

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reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$90,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are as follows:

(a) The loan shall be secured by the pledge of \$168,000, principal amount, of the applicant's first-mortgage 30-year 5 per cent bonds, due 1941, issued under indenture of mortgage dated January 1, 1911, and executed by the applicant to the Wilmington Savings & Trust Company of Wilmington, N. C., as trustee. Said bonds are in definitive coupon form, having coupon due January 1, 1915, and subsequent coupons attached, are of the denomination of \$1,000, and are numbered as follows: 1 to 16, inclusive, 26 to 136, inclusive, 140 to 180, inclusive. None of the unclipped interest coupons in respect of said bonds, as hereinbefore described, shall be detached during the life of this loan; but said coupons shall be considered as a part of the security for the loan to the extent of full face value thereof.

(b) The applicant may repay all or any part of the loan before maturity.

(c) The applicant shall on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(d) The applicant has agreed in an instrument in writing dated the 27th day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorney's fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's account-

ing classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

3. That the prospective earning power of the applicant and the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

6. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 28th day of December, 1920.

65 I. C. C.

FINANCE DOCKET No. 969.

IN THE MATTER OF THE APPLICATION OF THE HUNTINGDON & BROAD TOP MOUNTAIN RAILROAD & COAL COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MAKING ADDITIONS AND BETTERMENTS.

Submitted November 24, 1920. Decided December 16, 1920.

Application granted and loan of \$60,550 approved.

Carl M. Gage for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Huntingdon & Broad Top Mountain Railroad & Coal Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on September 1, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in making additions and betterments to way and structures. On November 24, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$60,550.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with additions and betterments to way and structures as hereinbelow set forth: Construction of new bridge near Saxton, Pa., estimated cost, \$150,000; financed by applicant, \$89,450; loan desired from the United States, \$60,550.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is a surety bond to be issued by the United States Fidelity & Guaranty Company of Baltimore, Md.
6. That the extent to which the public convenience and necessity will be served is that the construction of the new bridge will enable the applicant to use larger and heavier equipment than is now possible with the present bridge and thus facilitate the movement of freight-train cars.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amount hereinabove set forth, is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 54 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$60,550 by the United States to the Huntingdon & Broad Top Mountain Railroad & Coal Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in making additions and betterments to way and structures, is necessary to enable the applicant to properly meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$60,550.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be repaid in five equal annual installments of \$12,110, consecutively, in one to five years from the making thereof and shall be secured by the deposit with the Secretary of the Treas-

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ury of a surety bond to be executed by the United States Fidelity & Guaranty Company of Baltimore, Md., as surety, and the applicant as principal, in a principal amount equal to the amount of the loan. Said surety bond shall be substantially in the form as hereinbelow set forth:

WHEREAS, THE HUNTINGDON & BROAD TOP MOUNTAIN RAILROAD & COAL COMPANY, a railway corporation duly incorporated and organized under the laws of the state of Pennsylvania, hereinafter called "Railway Company," has made application to the Interstate Commerce Commission for a loan of \$60,550 to be made to the Railway Company by the United States of America, said loan to bear interest payable semiannually at the rate of 6 per cent per annum and to be repaid by the Railway Company five years from the date of the loan.

AND WHEREAS, the Interstate Commerce Commission requires that a surety bond in the sum of \$60,550 providing for the repayment of said loan and interest thereon shall be given to the United States of America.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, That the United States Fidelity and Guaranty Company as surety, hereinafter referred to as Guaranty Company, and the Railway Company as principal are firmly bound unto the United States of America in the just sum of \$60,550 for the payment of which they are hereby jointly and severally bound.

Now the condition of this obligation is that if the Railway Company will promptly repay when due to the United States of America the said loan made to it under the provisions of section 210 of the transportation act, 1920, as amended, as well as pay when due all interest on said loan, then this obligation shall be null and void, otherwise to remain in full force and effect.

Sealed with our seals and duly executed this _____ day of _____, 1920.

THE HUNTINGDON & BROAD TOP MOUNTAIN RAILROAD & COAL COMPANY.

By _____,
President.

Attest:
_____,
Secretary.

UNITED STATES FIDELITY AND GUARANTY Co.
By _____,
President.

Attest:
_____,
Secretary.

(b) The applicant may repay all or any part of the loan before maturity.

(c) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required.

(d) The applicant has agreed in an instrument in writing, dated the 22d day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other

than the United States government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan shall be repaid to the United States, on or before January 1, 1922. In the event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant in the opinion of the Commission is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 23d day of December, 1920.

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FINANCE DOCKET No. 999.

IN THE MATTER OF THE APPLICATION OF THE NEW
YORK CENTRAL RAILROAD COMPANY FOR A LOAN
FROM THE UNITED STATES TO AID IN ACQUIRING
EQUIPMENT AND ADDITIONS AND BETTERMENTS.

Submitted December 7, 1920. Decided December 17, 1920.

Application granted and loan of \$28,775,000 approved.

A. H. Harris for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The New York Central Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 7, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with new equipment and additions and betterments to existing equipment and to way and structures.

Concurrently, June 7, 1920, the following named of applicant's subsidiary companies made separate applications to us for loans under said section 210, in various amounts and for like purposes:

- The Michigan Central Railroad Company.
- The Cleveland, Cincinnati, Chicago & St. Louis Railway Company.
- The Cincinnati Northern Railroad Company.
- The Toledo & Ohio Central Railway Company.
- The Zanesville & Western Railway Company.
- The Kanawha & Michigan Railway Company.
- The Lake Erie & Western Railroad Company.

December 7, 1920, the applicant amended its application and by said amendment requested that the aforesaid applications of its subsidiary companies be deemed merged into applicant's amended application so that the aggregate amount of loans applied for by the applicant and its above-named subsidiary companies will be made to the applicant. Each of said subsidiary companies has amended its application by similarly requesting that its application be merged into the amended application of the applicant. In the application, as amended, the applicant sets forth:

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1. That the amount of the loan desired is \$26,775,000, in two parts, as follows: \$14,850,000 for equipment and additions and betterments to existing equipment, and \$11,925,000 for additions and betterments to existing equipment and to way and structures.

2. That the full term for which the loan is desired is 15 years.

3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant and its subsidiary companies in providing themselves with new equipment and additions and betterments to existing equipment and to way and structures as hereinbelow set forth:

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>New York Central.</i>			
Equipment:			
1,000 50-ton all-steel box cars (6-foot doors).....	\$3,660,000		
1,000 50-ton all-steel box cars (10-foot doors).....	3,720,000		
1,500 55-ton self-clearing hopper cars.....	3,864,000		
494 single-deck stock cars.....	1,457,200		
200 double-deck stock cars.....	1,624,800		
50 8-wheel switching locomotives.....	2,366,400		
20 K-3 Pacific-type locomotives.....	1,166,800		
10 light Mallet-type locomotives.....	824,000		
3 heavy Mallet-type locomotives.....	276,800		
Total.....	17,980,000	\$13,470,000	\$4,490,000
Additions and betterments to existing equipment:			
1 ferryboat.....	250,500		
3 tugboats.....	204,600		
5 car floats.....	351,500		
20 barges.....	177,400		
7 snow flangers.....	6,250		
1 fuel instruction car.....	1,150		
2 tool cars.....	2,600		
Miscellaneous betterments to locomotives.....	300,653		
Air compressors to electric locomotives (25).....	17,300		
Power-reverse gears to 15 locomotives.....	800		
Lagging steam pipes and boiler heads to 335 locomotives.....	13,400		
Cab heaters.....	21,000		
Mechanical stokers to 31 type-L locomotives.....	72,252		
Electric headlights to 515 locomotives.....	90,390		
Boosters to 6 type-H-5 locomotives.....	45,000		
Superheaters for locomotives.....	34,394		
Air pumps on locomotives.....	2,932		
Steel pilot beams.....	2,610		
Steel cabs on 80 locomotives.....	14,280		
Tender wheels.....	6,400		
Steel ash pans.....	11,540		
Feed-water heaters.....	3,200		
Miscellaneous betterments to freight-train cars.....	284,089		
Steel underframes to 1,600 cars.....	154,600		
Metal roofs to 3,200 cars.....	25,600		
Steel ends to 2,500 cars.....	181,000		
Slotted yoke couplers to 3,100 cars.....	101,100		
Car lines (steel) to 1,850 cars.....	28,450		
Truck side frames to 1,000 cars.....	81,000		
Total.....	2,486,000		2,486,000
Additions and betterments to way and structures:			
Mott Haven, N. Y., rebuilding interlocking plant (M. J.).....	1,000		
Mott Haven, N. Y., rebuilding interlocking plant (M. O.).....	2,300		
Kingsbridge, N. Y., yard improvements.....	25,900		
North White Plains, N. Y., cripple repair yard.....	38,500		
Yonkers, N. Y., power-plant building changes.....	6,700		
Harmon, N. Y., cripple storage yard.....	300		
New York, N. Y., freight-handling facilities, pier 34.....	2,900		
New York, N. Y., freight-handling facilities, Barclay street.....	31,400		
New York, N. Y., freight-handling facilities, Thirtieth street.....	4,000		
New York, N. Y., freight-handling facilities, pier G.....	10,500		
New York, N. Y., freight-handling facilities, Franklin street.....	100		

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>New York Central—Continued.</i>			
Additions and betterments to way and structures—Contd.			
Croton, N. Y., eastbound-freight track.....	\$1,500		
West Albany, N. Y., new yard.....	76,900		
Utica, N. Y., additional yard tracks.....	55,800		
Dewitt, N. Y., addition to engine house.....	14,500		
Syracuse, N. Y., track scale.....	12,300		
East Rochester, N. Y., additional storage tracks.....	6,000		
Rochester, N. Y., engine-house improvements.....	14,900		
Genesee Junction, N. Y., 7 additional yard tracks.....	60,000		
Hoboken, N. J., new team tracks.....	12,100		
Little Ferry, N. J., four tracking.....	125,500		
Helena, N. Y., new siding.....	6,100		
Watertown, N. Y., addition to Massey street yard.....	211,100		
Watertown, N. Y., new engine terminal.....	117,000		
Barnard, N. Y., storage siding.....	4,900		
Camelot, N. Y., four-track roadbed.....	20,900		
Utica, N. Y., new wheel pit and repair building.....	1,000		
East Syracuse, N. Y., addition to mechanical coaling plant.....	45,200		
East Syracuse, N. Y., raising sand spouts.....	900		
East Syracuse, N. Y., raising coal chutes.....	1,000		
Belle Isle, N. Y., 150-ton coaling trestle.....	46,000		
Ogdensburg, N. Y., addition to engine-house stalls.....	50,700		
Rensselaer, N. Y., coaling plant.....	250,000		
New York, N. Y., yard telephone system, Grand Central terminal.....	4,000		
Port Morris, N. Y., high-tension feeder, substation 1.....	50,000		
New York, N. Y., circuit-breaker house, Fifty-ninth and Ninety-sixth streets.....	123,500		
New York, N. Y., high-tension feeder, substation 5 to substation 6.....	48,000		
New York, N. Y., 2,000 kw. converter for substation 5.....	10,000		
Harmon, N. Y., traveling crane for shops.....	22,000		
Harmon, N. Y., wheel lathe for shops.....	9,000		
Harmon, N. Y., drill press for shop.....	1,000		
Harmon, N. Y., mortising machine.....	600		
Harmon, N. Y., planer.....	1,100		
Harmon, N. Y., extension to telepher crane.....	1,000		
Harmon, N. Y., armature machine.....	1,800		
White Plains, N. Y., auxiliary feeder substation 9 to North White Plains.....	19,900		
New York, N. Y., ash-pit reconstruction, Seventy-second street.....	2,000		
West Albany, N. Y., ash-handling conveyor.....	10,400		
West Albany, N. Y., raising coal trestle.....	3,000		
Amsterdam, N. Y., new crossover.....	13,100		
St. Johnsville, N. Y., new crossover.....	7,900		
St. Johnsville, N. Y., raising coal trestle.....	3,000		
Schenectady, N. Y., four inlets for water pans.....	8,900		
East Syracuse, N. Y., five eastbound yard tracks.....	250,000		
Syracuse, N. Y., additional track around lake line.....	141,100		
East Syracuse, N. Y., rebuilding coaling plant.....	46,000		
Belle Isle yard, N. Y., water facilities.....	24,700		
Belle Isle, N. Y., additional tracks, etc.....	100,745		
Batavia, N. Y., new battery house.....	9,900		
Genesee Junction, N. Y., additional yard tracks.....	73,000		
Genesee Junction, N. Y., air-testing plant.....	23,400		
Gardenville, N. Y., turntable tractor.....	4,500		
Gardenville, N. Y., new yard track.....	29,900		
Gardenville, N. Y., five additional tracks.....	183,200		
East Buffalo, N. Y., two-wheel tracks.....	3,100		
East Buffalo, N. Y., rearrangement of shop tracks.....	15,100		
Suspension Bridge, N. Y., new turntable.....	43,700		
Weehawken, N. J., new freight-office building.....	164,200		
North White Plains, N. Y., turntable contact device.....	1,500		
DeKalb Junction, N. Y., additional water tank.....	4,100		
Corning, N. Y., new turntable.....	61,600		
Avis, Pa., new station.....	3,500		
Cherry Tree, Pa., new repair track.....	11,500		
Syracuse yard, N. Y., flood lights.....	8,500		
Batavia, N. Y., ash pits.....	2,400		
Gardenville, N. Y., water tank.....	7,900		
Belle Isle, N. Y., water supply.....	27,100		
Ravenna, N. Y., engine-house roof.....	13,800		
Solvay, N. Y., new engine terminal.....	785,400		
Syracuse Junction, N. Y., four tracking.....	233,000		
Belle Isle, N. Y., 10-stall engine house.....	251,000		
New York, N. Y., steam service to Grand Central terminal.....	16,500		
New York, N. Y., dredging New York harbor.....	25,000		
Gardenville, N. Y., freight yard and engine terminal.....	65,620		
Gardenville, N. Y., machinery.....	10,200		

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>New York Central—Continued.</i>			
Additions and betterments to way and structures—Contd.			
Buffalo, N. Y., eliminating grade crossings.....	\$165,000		
Tonawanda, N. Y., barge-canal improvements.....	253,700		
Amboy, Ohio, westbound passing track.....	733		
Ashtabula, Ohio, car-repair facilities.....	20,821		
Dunkirk, N. Y., third and fourth track.....	6,944		
Dunkirk, N. Y., additional yard tracks.....	2,408		
Erie, Pa., terminal yard improvements.....	987		
Perry, Ohio, passing siding.....	15,788		
Perry, Ohio, new westbound freight main.....	46,000		
Painesville, Ohio, passing siding.....	2,201		
Wesleyville, Pa., repair tracks.....	2,548		
Alliance, Ohio, standard journal lathe.....	1,000		
Minerva, Ohio, new yard.....	20,300		
Minerva, Ohio, track scale.....	3,597		
Kinsman Road yard, Ohio, addition.....	41,819		
Collinwood, Ohio, westbound track.....	1,246		
Collinwood, Ohio, rerolling mill.....	5,375		
Marcy, Ohio, yard extension.....	51,500		
Rockport, Ohio, new yard.....	23,900		
Sandusky, Ohio, storage track.....	516		
Lansing, Mich., double tracking.....	2,161		
Elkhart, Ind., yard track.....	2,657		
Indiana Harbor, Ind., pipe lines for air compressor.....	4,200		
Porter, Ind., repair tracks.....	1,728		
Porter, Ind., yard tracks.....	2,245		
North Judson, Ind., new coaling plant.....	67,093		
Wesleyville, Pa., building for machinery.....	34,000		
Ashtabula, Ohio, renewal of boiler-washing plant.....	42,200		
Ashtabula, Ohio, widening drop pit.....	4,000		
Ashtabula, Ohio, track scales.....	29,800		
Ashtabula harbor, Ohio, steel jacking frame.....	9,000		
Collinwood, Ohio, extension to car-wheel shop.....	42,000		
Collinwood, Ohio, four superheaters in power house.....	38,000		
Collinwood, Ohio, additional tractor for turntable.....	4,000		
Collinwood, Ohio, crossover.....	2,500		
Collinwood, Ohio, enlarging crane-runway foundation.....	16,800		
Cleveland, Ohio, additional track, East 131st street.....	28,700		
Cleveland, Ohio, turntable tractor.....	4,000		
Cleveland, Ohio, two additional engine-house pits.....	3,500		
Cleveland yard, Ohio, air lines.....	3,000		
Newton Falls, Ohio, 20-car storage tracks.....	11,000		
Toledo yard, Ohio, rearranging east-end track.....	19,500		
Toledo, Ohio, additional tractor for turntable.....	4,000		
Toledo, Ohio, additional motors for coaling plant.....	600		
Air Line Junction, Ohio, additional tractor for turntable.....	4,000		
Air Line Junction, Ohio, additional motors for coaling plant.....	700		
Swanton, Ohio, deep wells, pumps, and pump house.....	9,100		
Elkhart, Ind., renewal of turntable.....	7,000		
Elkhart, Ind., extending seven engine pits in shop.....	2,000		
Elkhart, Ind., additional tractor for turntable.....	4,000		
Elkhart, Ind., additional motors for coaling plant.....	600		
Elkhart, Ind., crossover, east bound engine track.....	2,000		
Elkhart, Ind., standpipe on east bound hump.....	3,000		
South Bend, Ind., extension of storage lead.....	19,200		
South Bend, Ind., Four yard tracks.....	125,000		
South Bend, Ind., standpipe.....	4,000		
Englewood, Ill., additional motor for coaling plant.....	500		
Chicago, Ill., rearranging wheel pit and equipment.....	2,500		
West Kankakee, Ill., three repair tracks.....	15,500		
West Kankakee, Ill., building and facilities for air compressor.....	13,000		
Indiana Harbor, Ind., coaling plant.....	4,000		
Total.....	5,500,000		\$5,500,000
<i>Michigan Central.</i>			
Equipment:			
1,000 5-ton all-steel box cars, (10-foot doors).....	3,721,520		
500 55-ton self-clearing hopper cars.....	1,288,675		
100 single-deck stock cars.....	295,000		
100 double-deck stock cars.....	312,500		
250 standard refrigerator cars.....	1,002,000		
6 8-wheel switch locomotives.....	284,000		
10 K-3 Pacific-type locomotives.....	683,800		
10 heavy mikado-type locomotives.....	692,505		
Total.....	8,180,000	\$6,135,000	2,045,000

Purpose.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>Michigan Central—Continued.</i>			
Additions and betterments to existing equipment:			
Application of power-reverse gears to 20 locomotives	\$10,900		
Application of water scoops to 20 locomotives	3,900		
Application of power-reverse gears to 47 locomotives	13,100		
Application of air signals to 20 locomotives	3,400		
Steel underframes, 200 cars	18,000		
Outside metal roofs, 200 cars	2,000		
Steel car lines, 200 cars	4,000		
Cast-steel coupler yokes	3,000		
Steel ends, 500 cars	35,000		
Rebuilding 100 30-ton and 40-ton box cars	1,791,700		
Total	1,885,000		\$1,885,000
Additions and betterments to way and structures:			
Detroit, Mich., signal under Pere Marquette bridge, Junction yards	885		
Dearborn, Mich., additional switching track	6,735		
Detroit, Mich., extension of third-rail system	5,253		
Detroit, Mich., generator in substation	2,212		
Ferry, Ontario, extending westbound passing track	7,500		
Attelcliffe, Ontario, extension westbound passing track	23,100		
Tillemburg, Ontario, extension eastbound passing track	10,000		
Elmhurst, Ontario, extension eastbound passing track	11,200		
Buxton, Ontario, extension westbound passing track	16,000		
Detroit, Mich., main-track changes, Junction yards	31,700		
Wayne Junction, Mich., extension westbound passing track	8,300		
Ann Arbor, Mich., extension westbound passing track	30,000		
Dayton, Mich., eastbound passing siding	24,100		
Buchanan, Mich., westbound passing siding	32,615		
Ann Arbor, Mich., repair track	3,400		
Oxford, Mich., extending storage track	13,500		
Jackson Junction, Mich., additional yard tracks	31,300		
Jackson, Mich., storage tracks	4,400		
Frankfort, Ill., extending track	17,400		
Spencer, Ill., passing track	9,700		
Joliet, Ill., yard tracks	36,400		
Joliet, Ill., additional eastbound tracks	12,800		
Joliet, Ill., repair yard (tracks)	2,000		
Lansing, Mich., improvement in yard and engine facilities	73,400		
Lansing, Mich., additional freight-house tracks	5,200		
Lansing, Mich., interchange tracks	12,100		
Lansing, Mich., three local storage tracks	23,500		
Mackinaw City, Mich., new crib at ferry slip	20,300		
Niles, Mich., new engine terminal to complete present unit	135,000		
Total	613,000		613,000
<i>Cleveland, Cincinnati, Chicago & St. Louis.</i>			
Equipment:			
500 50-ton all-steel box cars (6-foot doors)	1,830,760		
500 50-ton all-steel box cars (10-foot doors)	1,860,780		
2,000 55-ton self-clearing hopper cars	5,154,100		
100 single-deck stock cars	285,000		
10 8-wheel switchers	473,592		
10 K-3 Pacifics	583,800		
80 heavy milkados	3,461,988		
Total	13,660,000	\$10,245,000	3,415,000
Additions and betterments to existing equipment:			
Converting 15 type-C locomotives to type-U switchers	128,000		
Cast-steel tender and sills to 17 locomotives	2,400		
Metal roofs to 1,000 freight cars	66,600		
Metal car lines to 1,000 freight cars	21,600		
Slotted cast-steel coupler yokes to 1,000 freight cars	72,600		
Underframes to 1,000 freight cars	237,800		
Total	529,000		529,000
Additions and betterments to way and structures:			
Lamb to Ansonia, Ohio, second track	889,700		
Columbus to Avenue, Ohio, second track	276,447		
Columbus, Ohio, five yard tracks	65,438		
Columbus, Ohio, six yard tracks	76,375		
Briar Hill to Beech Grove, Ind., second track	223,991		
Angusta to Whitestown, Ind., second track	286,807		
Columbia, Ohio, westward siding	2,694		

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>Cleveland, Cincinnati, Chicago & St. Louis—Continued.</i>			
Additions and betterments to way and structures—Contd.			
Shelby, Ohio, sidings.....	\$10,875		
Galton, Ohio, rearranging tracks.....	65,072		
Mix, Ohio, westward siding.....	5,639		
Dayton, Ohio, eastward siding.....	6,700		
Dayton, Ohio, two sidings.....	9,463		
Miamisburg, Ohio, eastward siding.....	6,436		
Carlisle Junction, Ohio, sidings.....	9,744		
Middletown, Ohio, westward siding.....	28,906		
Middletown, Ohio, eastward siding.....	6,444		
Briar, Ind., siding extension.....	8,250		
Rex, Ind., siding extension.....	5,817		
Vermillion, Ill., westward siding.....	3,802		
Dudley, Ill., westward siding.....	4,744		
Kansas, Ill., westward siding.....	2,739		
Loxa, Ill., sidings.....	3,712		
Mattoon, Ill., yard extension.....	87,932		
Silver Lake, Ind., siding extension.....	6,586		
Bolivar, Ind., siding extension.....	4,930		
Fairmount, Ind., siding extension.....	8,107		
Blix, Ill., siding extension.....	5,697		
Horace, Ind., siding extension.....	4,620		
Westport, Ind., siding extension.....	4,233		
La Fontaine, Ind., siding extension.....	7,139		
Marion, Ind., change tracks.....	3,127		
Kankakee, Ill., track scale.....	14,699		
East St. Louis, Ill., track scale.....	14,921		
Lyons, Ill., track scale.....	10,520		
Sandusky, Ohio, turntable.....	605		
Kankakee, Ill., turntable.....	16,458		
Elkhart, Ind., turntable.....	2,910		
Lyons, Ill., turntable.....	16,595		
Hagerstown, Ind., turntable.....	3,571		
Bellefontaine, Ohio, air lines.....	2,635		
Bellefontaine, Ohio, water station.....	7,400		
Winchester to Farmland, Ind., second track.....	800,000		
Templeton to Swanington, Ind., second track.....	526,800		
St. James, Ohio, westward siding extension.....	10,000		
Leonardsburg, Ohio, siding extension.....	14,400		
Ansonia, Ohio, repair yard at coaling station.....	12,000		
Ansonia, Ohio, repair yard at engine terminal.....	57,500		
Ansonia, Ohio, six-stall engine house.....	71,300		
Ansonia, Ohio, turntable.....	44,000		
Ansonia, Ohio, sand house.....	2,500		
Storrs, Ohio, crossover.....	6,000		
Indianapolis, Ind., two receiving tracks, Indianapolis yard.....	6,600		
Hill Yard, Ind., wye connection.....	10,630		
Nokomis, Ill., storage tracks.....	32,000		
Berea to Crestline, Ohio, automatic signals.....	206,500		
Beech Grove, Ind., signal improvements.....	37,000		
Sheff, Ind., engine terminal.....	280,500		
Lyons, Ill., shop machinery.....	5,900		
Do.....	2,100		
Do.....	1,500		
System shop tools and equipment.....	218,300		
Beech Grove, Ind., storage-battery building.....	14,000		
Total.....	4,560,000		\$4,560,000
<i>Cincinnati Northern.</i>			
Additions and betterments to existing equipment:			
Steel underframes to 60 box cars.....	3,520		
Slotted couplers to 35 box cars.....	1,503		
Economy draft arms, 200 box cars.....	9,593		
Rebuilding caboose.....	652		
Metal roofs for 110 box cars.....	681		
Steel ends for 40 box cars.....	1,933		
Metal track bolsters to 60 box cars.....	578		
Wrecking crane.....	2,535		
Total.....	21,000		21,000
Additions and betterments to way and structures:			
Rossburg, Ohio, passing track.....	7,400		
Dayton, Ohio, interlocking Dayton & Union crossing.....	18,000		
Van Wert shops, Ohio, wheel press.....	17,900		
Van Wert shops, Ohio, wheel lathe.....	30,300		
Van Wert shops, Ohio, drill press.....	1,000		
Van Wert shops, Ohio, engine lathe, 26 inch by 10 inch.....	5,200		

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>Cincinnati Northern—Continued.</i>			
Additions and betterments to way and structures—Contd.			
Van Wert shops, Ohio, engine lathe, 48 inch by 12 inch.....	\$8,500		
Van Wert shops, Ohio, 10 section motor cars.....	3,700		
Total.....	92,000		\$92,000
<i>Toledo & Ohio Central.</i>			
Additions and betterments to way and structures:			
Bucyrus, Ohio, additional yard tracks.....	33,105		
Martel, Ohio, extending passing track.....	4,845		
Edison, Ohio, extending passing track.....	8,979		
Thurston, Ohio, connection with Zanesville & Western.....	1,870		
Thurston, Ohio, extending passing track.....	13,000		
Arlington, Ohio, passing track.....	11,740		
Harley, Ohio, extending passing track.....	3,984		
Pickerington, Ohio, extending passing track.....	8,005		
Basil, Ohio, extending passing track.....	8,735		
Rushville, Ohio, extending passing track.....	7,081		
Bremen, Ohio, extending passing track.....	4,800		
New Lexington, Ohio, extending passing track.....	4,119		
Clay Bank, Ohio, extending passing track.....	3,137		
Spore, Ohio, extending passing track.....	5,800		
Centerbury, Ohio, passing track connection.....	3,800		
Corning, Ohio, additional water facilities.....	1,500		
Corning, Ohio, extending yard.....	27,500		
Renderville, Ohio, increasing yard.....	23,300		
Corning, Ohio, crossover.....	1,400		
Bucyrus, Ohio, shop machinery.....	36,600		
Kenton, Ohio, shop machinery.....	5,000		
Total.....	214,000		214,000
<i>Zanesville & Western.</i>			
Additions and betterments to way and structures:			
Fultonham, Ohio, rearrangement of engine terminal shop tracks and extending yard tracks.....	36,000		
Brakes, Ohio, building three 50-car yard tracks.....	24,000		
Total.....	60,000		60,000
<i>Keweenaw & Michigan.</i>			
Additions and betterments to existing equipment:			
Rebuilding 400 gondola cars.....	25,000		25,000
Additions and betterments to way and structures:			
Burr Oak, Ohio, extension to passing siding.....	5,000		
Stalter, Ohio, extension to passing siding.....	6,500		
Hobson to Meigs, Ohio, cut-off.....	219,500		
Total.....	231,000		231,000
<i>Lake Erie & Western.</i>			
Additions and betterments to existing equipment:			
Application of reverse gears, radial buffers, superheaters, and piston valves.....	10,087		
Baker gear, pilot beam, class G-41 (two locomotives).....	6,000		
Application of radial buffers to 25 locomotives and to 10 locomotives the following: Outside gear, guide yokes, new frames, new cylinders, and outside steam chest.....	20,000		
Application of new cylinders, guide yokes, outside steam chest, new boiler, superheater, etc., class G-41 (five engines).....	104,000		
Application of new boilers, frames, cylinders, superheaters, valve gears, class C-75 and C-76 (10 engines).....	169,000		
Application of roofs, car lines, steel ends, underframes, etc., to box cars.....	10,913		
Application of metal roofs (200 freight cars) steel ends (150 box cars), and metal car lines (200 freight cars).....	46,000		
Total.....	366,000		366,000

Purposes.	Estimated cost.	Financed by applicant and subsidiaries.	Loan from United States.
<i>Lake Erie & Western—Continued.</i>			
Additions and betterments to way and structures:			
Port Wayne, Cincinnati & Louisville division, Indiana and Ohio, dispatchers telephone circuit.....	\$18,400	.....	.....
Fostoria, Ohio, new 50,000-gallon water tank.....	13,300	.....	.....
Lima, Ohio, proportion of cost of interlocker, Penn crossing.....	31,600	.....	.....
Muncie, Ind., 90-foot turntable.....	23,600	.....	.....
Muncie, Ind., 150-ton track scale.....	14,300	.....	.....
Fargo, Ind., passing-track extension.....	5,200	.....	.....
Arrowsmith, Ill., passing-track extension.....	6,700	.....	.....
Deer Creek, Ill., passing-track extension.....	3,800	.....	.....
Indianapolis, Ind., track scale.....	19,700	.....	.....
Peru, Ind., 150-ton track scale.....	13,000	.....	.....
Peru, Ind., five additional stalls at engine house.....	56,400	.....	.....
Tipton, Ind., miscellaneous shop machinery.....	10,700	.....	.....
Tipton, Ind., air compressor at car-repair yard.....	7,000	.....	.....
Peru, Ind., boiler-washout system at engine house.....	19,300	.....	.....
Total.....	243,000	.....	\$243,000
<i>Recapitulation.</i>			
Equipment:			
250 standard refrigerator cars.....	1,002,000	\$751,500	280,500
1,500 50-ton all-steel box cars (6-foot doors).....	5,490,780	4,113,070	1,372,680
2,500 50-ton all-steel box cars (10-foot doors).....	9,302,280	6,976,710	2,325,570
4,000 55-ton self-clearing hopper cars.....	10,306,775	7,730,061	2,576,694
694 single-deck stock cars.....	2,047,200	1,535,400	511,800
300 double-deck stock cars.....	937,300	702,975	234,325
Total freight-train cars.....	29,086,315	21,514,736	7,271,579
66 8-wheel switching locomotives.....	3,123,992	2,342,994	780,998
40 K-3 Pacific-type locomotives.....	2,334,400	1,750,800	583,600
10 light Mallet-type locomotives.....	824,000	618,000	206,000
3 heavy Mallet-type locomotives.....	276,800	207,600	69,200
60 heavy milkado-type locomotives.....	4,154,493	3,115,870	1,038,623
Total locomotives.....	10,713,685	8,035,264	2,678,421
Total equipment.....	39,800,000	29,550,000	9,950,000
Additions and betterments to existing equipment.....	5,312,000	.....	5,312,000
Additions and betterments to way and structures.....	11,513,000	.....	11,513,000
Grand total.....	56,625,000	29,550,000	26,775,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is:

(a) As to that part of the loan in respect of new equipment and additions and betterments to existing equipment amounting to \$14,850,000:

Applicant's refunding and improvement mortgage series-B 6 per cent gold bonds, due 2013.....	\$994,000
Six per cent promissory notes of the Michigan Central Railroad Company, payable to order of applicant; said notes to be indorsed by applicant and secured by its guaranty of the due payment thereof, principal and interest.....	3,930,000
Six per cent promissory notes of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, payable to order of applicant; said notes to be indorsed by applicant and secured by its guaranty of the due payment thereof, principal and interest.....	3,944,000
Applicant's deferred lien 6 per cent equipment-trust certificates in respect to its 1920 trust equipment.....	6,420,000

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Cleveland, Cincinnati, Chicago & St. Louis Railway Company general-mortgage 4 per cent gold bonds, due 1998.....	\$1, 000, 000
Seven per cent promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, payable to order of applicant; said note to be indorsed by applicant and secured by its guaranty of the due payment thereof, principal and interest; said note to be further secured by the pledge, as collateral security for the due payment thereof, principal and interest, of \$4,189,000 of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company refunding and improvement mortgage series-A 6 per cent gold bonds due 1929	4, 000, 000

(b) As to that part of the loan in respect of additions and betterments to existing equipment and to way and structures, amounting to \$11,925,000:

Applicant's refunding and improvement mortgage series-B 6 per cent gold bonds, due 2018.....	\$5, 500, 000
Aggregate amount of 6 per cent promissory notes of the following named of applicant's subsidiary companies, payable to order of applicant; said notes to be indorsed by applicant and secured by its guaranty of the due payment thereof, principal and interest; said notes to be made and further secured as herein below set forth.....	6, 425, 000
Note of the Michigan Central Railroad Company secured by a pledge of \$507,000 of the Michigan Central Railroad Company's refunding and improvement mortgage series-B 6 per cent gold bonds, due 1935, for \$613,000.	
Note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company secured by the pledge by an equal principal amount of that company's refunding and improvement mortgage series-B 6 per cent gold bonds, due 1935, for \$4,560,000.	
Note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company secured by pledge of 6 per cent promissory note of the Cincinnati Northern Railroad Company in a like principal amount, payable to order of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company to be indorsed by that company, and secured by its guaranty of the due payment thereof, principal, and interest, for \$118,000.	
Note of the Toledo Ohio Central Railway Company for \$214,000.	
Note of the Zanesville & Western Railway Company for \$60,000.	
Note of the Kanawha & Michigan Railway Company for \$256,000.	
Note of the Lake Erie & Western Railroad Company for \$609,000.	

6. That the extent to which the public convenience and necessity will be served is that the additional equipment and facilities to be provided with the proceeds of the loan will result in improved service to the public in point of time and increased capacity for handling business.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant and its subsidiary companies, together with such other facts relating to the propriety and expediency of grant-

ing the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended the making of loans to the applicant and its subsidiary companies for purposes as follows:

Company.	Freight-train cars.	Locomotives.	Additions and betterments to equipment.	Additions and betterments to way and structures.	Total.
New York Central Railroad Co.....	\$3,332,964	\$1,150,290	\$2,488,407	\$5,500,000	\$12,490,651
Michigan Central Railroad Co.....	1,654,924	390,115	1,885,153	613,221	4,543,413
Cleveland, Cincinnati, Chicago & St. Louis Railway Co.....	2,285,305	1,129,979	529,093	4,560,101	8,504,478
Cincinnati Northern Railroad Co.....			21,423	92,560	113,973
Toledo & Ohio Central Railway Co.....				214,454	214,454
Zanesville & Western Railway Co.....				60,100	60,100
Kanawha & Michigan Railway Co.....			24,803	231,204	256,007
Lake Erie & Western Railroad Co.....			267,268	242,700	610,068
Total.....	7,273,183	2,679,384	5,316,267	11,514,380	26,783,164

It appears that the applicant and its subsidiaries have themselves financed by the sale of securities, since the termination of federal control, the aggregate sum of \$63,625,000 for refunding and other necessary corporate purposes.

It also appears that the New York Central lines have from time to time been obliged to withdraw from freight service certain Pacific-type class-K-11 engines and to use them for the purpose of handling passenger traffic. The acquisition of the 40 passenger locomotives included in the application for this loan tends to obviate the necessity of these withdrawals.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant and its subsidiary companies properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 53 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

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1. That the making of a loan of \$26,775,000, in two parts, as hereinafter set forth, by the United States to the New York Central Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself and certain of its subsidiary companies with new equipment and additions and betterments to existing equipment and to way and structures, is necessary to enable the applicant and said subsidiary companies properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and said subsidiary companies and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$26,775,000, of which \$14,850,000 shall be in respect of equipment and additions and betterments to existing equipment, and \$11,925,000 shall be in respect of additions and betterments to equipment and to way and structures.

4. That the time from the making thereof within which the part of the loan in the amount of \$14,850,000 is to be repaid in full is 15 years, and the time from the making thereof within which the part of the loan in the amount of \$11,925,000 is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan in respect of equipment and additions and betterments to existing equipment, namely, \$14,850,000, shall be repaid in 15 equal annual installments of \$990,000, consecutively in 1 to 15 years from the making thereof, and shall be secured by the pledge of the following: (1) \$994,000, principal amount, of applicant's refunding and improvement mortgage series-B 6 per cent gold bond, due 2018; issued under an indenture of mortgage dated October 1, 1913, and executed by the New York Central & Hudson River Railroad Company to the Guaranty Trust Company of New York, as trustee, said mortgage having been assumed by the applicant (and the lien thereof extended) by a supplemental indenture of mortgage dated June 15, 1915, made by the applicant. Said bond shall be in temporary bearer form, numbered 3, exchangeable for definitive bonds, substantially identical in tenor and of authorized denominations, when prepared. (2) \$3,930,000, principal amount, of 6 per cent promissory notes of the Michigan Central Railroad Company, payable to the order of the applicant and indorsed by it and secured by the unrestricted guaranty, as to payment of both prin-

cipal and interest, of the applicant. Said notes shall be in denomination of \$262,000, shall bear date as of the date of the obligations of the applicant evidencing this part of the loan, and shall mature consecutively 1 to 15 years from said date. (8) \$3,944,000, principal amount, of 6 per cent promissory notes of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, payable to the order of the applicant and indorsed by it and secured by the unrestricted guaranty, as to payment of both principal and interest, of the applicant. Said notes shall be in equal denomination as nearly as may be, shall bear date as of the date of the obligations of the applicant evidencing this part of the loan and shall mature consecutively 1 to 15 years from said date. (4) \$6,420,000, principal amount, of deferred 6 per cent equipment-trust gold certificates issued under a supplemental trust agreement, dated December 15, 1920, executed by and between John Carstensen, Milton S. Barger, and Harry G. Snelling, as vendors, the Guaranty Trust Company of New York, as trustee, and the applicant, supplementing an agreement dated April 15, 1920, executed by and between the said parties, establishing the applicant's equipment trust of 1920, which supplemental trust agreement shall be substantially in the form hereto annexed and made a part hereof marked exhibit A. Said certificates shall bear date as of the date of the obligations of the applicant evidencing this part of the loan and shall be in denomination of \$428,000, maturing consecutively in 1 to 15 years from said date. Said certificates shall be in temporary bearer form, numbered 1 to 15, inclusive, exchangeable for definitive certificates substantially identical in tenor, and of the denomination of \$1,000, when prepared. (5) \$1,000,000, principal amount, of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company general-mortgage 4 per cent gold bonds, due 1993, issued under that company's general mortgage dated May 15, 1893, executed to the Mercantile Trust Company, of New York and Theodore P. Haughey, as trustees. Said bonds shall be in definitive coupon form, of the denomination of \$1,000, having coupon due June 1, 1921, and subsequent coupons attached, and numbered 26244 to 27243, inclusive. (6) \$4,000,000, principal amount, 7 per cent promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, payable on demand to the order of the applicant and indorsed by it and secured by the unrestricted guaranty, as to the payment of both principal and interest, of the applicant. Said note shall bear date as of the date of the obligations of the applicant evidencing this part of the loan and shall be further secured by the pledge, as collateral security for the payment thereof, principal and interest, of \$4,189,000, principal amount, of the Cleveland, Cincin-

nati, Chicago & St. Louis Railway Company refunding and improvement mortgage series-A 6 per cent gold bond, due July 1, 1929, issued under that company's refunding and improvement mortgage, dated June 27, 1919, to the Guaranty Trust Company of New York and Frank L. Littleton, as trustees. Said bond shall be in temporary bearer form, numbered 1, exchangeable for definitive bonds, substantially identical in tenor and of authorized denominations, when prepared. If on July 1, 1929, said bonds or any of them remain pledged as security for said demand note, or like note of smaller denomination (as hereinafter provided for) then pledged, the applicant shall substitute for such bonds such other collateral as the Commission may hereafter designate, or, in default of such substitution or in the absence of such designation, payment of such note shall be called and the proceeds thereof applied, in discharge of a like amount of the indebtedness of the applicant, upon such of the obligations evidencing this part of said loan as the Secretary of the Treasury may determine.

(b) The other part of the loan shall be in respect of additions and betterments to way and structures and to existing equipment, and shall be in the amount of \$11,925,000 repayable in 10 years from the making thereof, and shall be secured by the pledge of the following: (1) \$5,500,000, principal amount, of applicant's refunding and improvement mortgage series-B 6 per cent gold bond, due 2013, issued under an indenture of mortgage, dated October 1, 1913, executed by the New York Central & Hudson River Railroad Company to the Guaranty Trust Company of New York, as trustee, said mortgage having been assumed by the applicant (and the lien thereof extended) by a supplemental mortgage dated June 15, 1915, made by the applicant. Said bond shall be in temporary bearer form, numbered 4, exchangeable for definitive bonds, substantially identical in tenor and of authorized denomination, when prepared, and (2) \$6,425,000 aggregate principal amount, of 10-year 6 per cent promissory notes payable to the order of the applicant and to be indorsed by it and to be secured by the unrestricted guaranty, as to the payment of both principal and interest, of the applicant. Said notes shall bear date as of the date of the obligation of the applicant evidencing this part of the loan and shall be made by the following subsidiary companies of the applicant and in the respective principal amounts as herein below set forth:

Note of the Michigan Central Railroad Company: Said note shall be further secured by the pledge of \$507,000, principal amount, of the Michigan Central Railroad Company's refunding and improvement mortgage series-B 6 per cent gold bond, due 1935, issued under an indenture of mortgage, dated January 1, 1917, executed by the Michigan Central Railroad Company to the Bankers Trust Company.

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pany of New York, trustee. Said bond shall be in temporary bearer form, numbered 1, exchangeable for definitive bonds, substantially identical in tenor, and of authorized denominations, when prepared.	\$613,000
Note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company: Said note shall be further secured by the pledge of \$4,560,000, principal amount, of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company's refunding and improvement mortgage 6 per cent series-B gold bond, due 1935, issued under the indenture of mortgage hereinbefore described in subparagraph (a), section (6) of paragraph 5 hereof. Said bond shall be in temporary bearer form, numbered 1, exchangeable for definitive bonds, substantially identical in tenor, and of authorized denominations, when prepared	4,560,000
Note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company: Said note shall be further secured by the pledge of 10-year 6 per cent promissory note of the Cincinnati Northern Railroad Company payable to the order of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company for a principal amount of \$113,000. Said note shall bear date as of the date of the obligation of the applicant evidencing this part of the loan, shall be indorsed by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and secured by its guaranty of the payment of both principal and interest.	113,000
Note of the Toledo & Ohio Central Railway Company	214,000
Note of Zanesville & Western Railway Company	60,000
Note of Kanawha & Michigan Railway Company	256,000
Note of the Lake Erie & Western Railroad Company	609,000

(c) The promissory notes to be pledged as security for the loan, as required by subparagraphs (a) and (b) of paragraph 5 hereof, shall be substantially in the following forms, respectively:

[Note unsecured by collateral.]

_____ years after date for value received the undersigned promises to pay to the order of _____ Company, at its office in the city of _____, _____ dollars (\$_____) in gold coin of the United States of America of or equivalent to the present standard of weight and fineness, with interest in like gold coin at the rate of _____ per cent (_____) per annum, payable semi-annually.

By _____ COMPANY.

(Vice) President.
(Assistant) General Treasurer.

[Note collaterally secured.]

_____ years after date (on demand) for value received the undersigned promises to pay to the order of _____ Company at its office in the city of _____, _____ dollars (\$_____) in gold coin of the United States of or equivalent to the present standard of weight and fineness, with interest in like gold coin at the rate of _____ per cent (_____) per annum, payable semiannually, having pledged to

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the said _____ Company, as security for the payment of this note _____:

Upon the nonpayment of this note, the said _____ Company is hereby authorized to sell said securities, or any part thereof, or any substitute therefor, or any additions thereto, in such manner as in its discretion it shall deem proper, without demand, advertisement, or notice, either at the New York Stock Exchange or any brokers' board or at public or private sale. If such securities are sold at the New York Stock Exchange or any brokers' board or at public sale, the said _____ Company may purchase same, or any part thereof, free from all right of redemption on the part of the undersigned or successors in interest, which is hereby waived and released. The said _____ Company shall apply the net proceeds of such sale or sales, after first deducting all costs and expenses of every kind (including legal services) for collection, sale, and delivery, toward the payment of this note, holding the undersigned liable for any deficiency remaining unpaid, which deficiency the undersigned promises forthwith to pay.

Upon any transfer of this note, the property held as security, or any part thereof, may be delivered to the transferee, who shall thereupon become vested with all the powers and rights given to the said _____ Company in respect hereof. No delay on the part of the holder hereof in exercising any right hereunder shall operate as a waiver of said right.

By _____ COMPANY,
(Vice) President.
(Assistant) General Treasurer.

(d) The indorsements and guaranties of the promissory notes required by subparagraphs (a) and (b) of paragraph 5 hereof shall be substantially in the following forms, respectively, to wit:

[Indorsement.]

Pay to the order of the United States of America or to the order of the Secretary of the Treasury of the United States, _____
The undersigned hereby expressly waives presentment, demand, notice of non-payment and protest.

By _____ COMPANY,
(Vice) President.

[Guaranty.]

For value received, _____ Company hereby guarantees the punctual payment of the principal and interest of the within note, at the time and in the manner therein specified, and covenants, in default of the payment of any part thereof by the maker, to pay the said principal and interest of the within note as the same shall become due.

By _____ COMPANY,

(e) The collateral security for the loan shall not, so long as there shall be no default upon any of the obligations evidencing the loan, include matured interest or dividends upon such collateral security.

(f) The applicant may repay all or any part of the loan before maturity. The collateral security shall, in so far as practicable, be released proportionately as parts of the loan are repaid, preference being given in the selection of security for release to such as may then be matured; and in order to effect such proportionate release of collateral, promissory notes then pledged may be substituted by like notes, indorsed and guaranteed in like manner; secured by proportionate collateral, if any. In the determination, from time to time, of the amount of collateral to be so released said securities may be rated at the par value thereof; provided, that said deferred equipment-trust certificates may be rated at 20 per cent of par and said general-mortgage 4 per cent bonds of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company may be rated at 70 per cent of par.

(g) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury additional security as may be from time to time required.

(h) The applicant has agreed in an instrument in writing, dated the 13th day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, or the chief engineer of the subsidiary company concerned, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and its subsidiary companies, together with the character and value of the

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security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 22d day of December, 1920.

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FINANCE DOCKET No. 1068.

IN THE MATTER OF THE APPLICATION OF THE LEHIGH & HUDSON RIVER RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND SELL CAPITAL STOCK, THE PROCEEDS TO BE USED TO RETIRE BONDS.

Submitted November 17, 1920. Decided December 17, 1920.

Authority granted to issue and sell \$2,987,000 of additional capital stock at not less than par, the proceeds to be used to retire \$2,587,000 of bonds issued under a mortgage dated July 1, 1890, and \$400,000 of debenture bonds issued under a trust agreement dated May 1, 1907.

John J. Beattie for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lehigh & Hudson River Railway Company, a common carrier by railroad engaged in interstate commerce, applies for authority, under section 20a of the interstate commerce act, to issue and sell \$2,987,000 of additional capital stock at not less than par and to use the proceeds therefrom in paying and retiring all of its bonded debt, aggregating \$2,987,000 and consisting of \$2,587,000 of general-mortgage bonds issued under a mortgage dated July 1, 1890, and of \$400,000 of debenture bonds, issued under a trust agreement, dated May 1, 1907, all of which bonds matured July 1, 1920.

The retirement of these bonds will have the result of wholly freeing the applicant's franchises and property from any mortgage or lien.

Originally the applicant's authorized capital stock was \$1,720,000. Recently its charter has been amended, increasing its authorized capital stock to \$5,000,000. All of the original capital stock has been issued and is now outstanding. In order to secure the funds necessary to pay and retire its entire bonded debt, the applicant proposes to issue additional capital stock in the par amount of \$2,987,000, and to sell the same at not less than par, with an option to the present stockholders to purchase the same proportionately in accordance with the number of shares now held by them. More than two-thirds in interest of the present stockholders have consented to the proposed issue of stock.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for

that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of \$2,987,000, par value, of additional capital stock by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Lehigh & Hudson River Railway Company be, and it is hereby, authorized to issue its additional capital stock in an aggregate amount not to exceed \$2,987,000, par value, the same to be sold at not less than par, and the proceeds to be applied to payment and retirement of \$2,587,000 of its general-mortgage bonds, issued under a mortgage dated July 1, 1890, which matured July 1, 1920, and of \$400,000 of its debenture bonds, issued under a trust agreement dated May 1, 1907, which also matured July 1, 1920.

It is further ordered, That said applicant shall within 10 days after the issue and sale of said additional capital stock as herein authorized report to this Commission all pertinent facts relating thereto and relating to the use of the proceeds in payment or retirement of said bonds within 10 days after such use.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said capital stock on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1094.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES.

Submitted November 15, 1920. Decided December 18, 1920.

Authority granted to issue approximately \$182,000 of promissory notes, bearing interest at the rate of 6 per cent per annum and payable to the Union Refrigerator Transit Company, in part payment for 100 refrigerator cars to be purchased from said company at a contract price of \$227,500.

M. M. Joyce for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act, to issue 36 promissory notes, each for \$5,055.55, and aggregating approximately \$182,000, to bear interest at the rate of 6 per cent per annum and to be payable to the Union Refrigerator Transit Company, herein termed the vendor, or its assigns.

The purpose for which the notes are to be issued is to purchase 100 refrigerator cars from the vendor. The contract price for these cars will be \$227,500, payable as provided by a proposed agreement between the vendor and the applicant, a copy of which has been filed with the application.

The applicant does not now own any standard refrigerator cars.

The method of payment by the applicant to the vendor is to be as follows: Upon the delivery of each 10 cars the applicant will pay to the vendor in cash 20 per cent of the purchase price of the 10 cars, until the sum of \$45,500 shall be thus paid in cash; and the balance of said total purchase price, amounting to \$182,000, shall be paid in 36 equal monthly installments to be evidenced by 36 promissory notes, each of the notes to be dated January 1, 1921, to be for \$5,055.55, and to bear interest at the rate of 6 per cent per annum, the first of these notes to be due and payable February 1, 1921, and all

65 I. C. C.

subsequent notes to be due and payable respectively on the first day of each and every month thereafter.

Under the terms of the proposed agreement title to the cars will remain in the vendor, or its assigns, holders of said notes, until all of the notes and purchase price shall be fully paid. Upon such payment the title will become vested in the applicant. In the meantime the applicant will have the possession and use of the cars as provided in said agreement.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of approximately \$182,000 of promissory notes (a) is for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Minneapolis & St. Louis Railroad Company be, and it is hereby, authorized to issue 36 promissory notes, each for \$5,055.55, bearing interest at the rate of 6 per cent per annum, maturing monthly, beginning February 1, 1921, for 36 months, and payable to the Union Refrigerator Transit Company, or its assigns; the notes to be substantially in the form submitted with the application and to be delivered to, and accepted by, said company at par in part payment for 100 refrigerator cars, as stated in the application and pursuant to a contract between the applicant and said company, substantially in the form submitted with the application.

It is further ordered, That the applicant shall, for the period ending December 31, 1920, and for each six months' period thereafter
65 I. C. C.

after, report to the Commission, within 30 days after the close of the respective periods, all pertinent facts relative to the issue of notes, as herein authorized, and of the payment of the same; such periodical reports to be made until all of the notes shall have been issued and fully paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 919.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted December 3, 1920. Decided December 20, 1920.

Application granted and loan of \$400,000 approved.

Newman Erb for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Ann Arbor Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on November 26, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness. December 3, 1920, the applicant supplemented the application.

In the application as supplemented the applicant sets forth:

1. That the amount of the loan desired is \$400,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are maturing indebtedness; applicant's two-year 6 per cent gold notes, due May 1, 1921, principal amount, \$620,000, to be financed by the applicant, \$220,000, loan desired from the United States \$400,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is \$800,000 of applicant's improvement and extension mortgage 30-year 5 per cent gold bonds, due 1941.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet the maturity, May 1, 1921, of its two-year 6 per cent gold notes, which it will be unable to meet by any other means.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operations, and earning

65 L. C. C.

power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amount hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 60 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$400,000 by the United States to the Ann Arbor Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$400,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be repaid in equal quarterly installments of \$20,000 consecutively, in 1 to 20 quarter-year periods from the making thereof, and shall be secured by the pledge of \$800,000, principal amount, of applicant's improvement and extension mortgage 30-year 5 per cent gold bonds, due May 1, 1941, issued under an indenture of mortgage dated May 1, 1911, executed by the applicant to the Empire Trust Company of New York, as trustee. Said bonds are in

65 I. C. C.

temporary form, without coupons, exchangeable for 6 per cent definitive coupon bonds to be issued under a supplemental indenture of mortgage, dated November 1, 1920, executed by the applicant to the Empire Trust Company of New York, as trustee, amending said indenture of mortgage dated May 1, 1911, hereinabove described. Said temporary bonds are in denomination of \$40,000 and are numbered 2 to 21, inclusive. Said definitive bonds are to be in denomination of \$1,000, having coupon due May 1, 1921, and subsequent coupons attached, and are to be numbered from 501 to 1300, inclusive. However, said exchange of bonds shall not be made unless and until the Interstate Commerce Commission further certifies to the Secretary of the Treasury that the issue of said definitive bonds is in accordance with law.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligations evidencing the loan, include matured interest upon such collateral security. The Secretary of the Treasury shall not, prior to default upon the obligations evidencing the loan, collect the interest upon such collateral security, but shall remit to the applicant any such interest paid to him and shall surrender to the applicant the coupons of said bonds as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 4th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission

may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 10th day of January, 1921.

Amendment to Certificate No. 60 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 60 of January 10, 1921, for a loan of \$400,000 by the United States to the Ann Arbor Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by changing the third sentence of subparagraph (a) of paragraph 5 of said certificate No. 60 to read as follows:

Of said temporary bonds, 19 bonds are in denomination of \$40,000 and are numbered 34 to 52, inclusive, and 4 bonds are in denomination of \$10,000 and are numbered 53 to 56, inclusive.

so that the whole of subparagraph (a) of paragraph 5 of said certificate No. 60 shall read as follows:

(a) The loan shall be repaid in equal quarterly installments of \$20,000 consecutively in 1 to 20 quarter-year periods from the making thereof, and shall be secured by the pledge of \$800,000, principal amount, of applicant's improvement and extension mortgage 30-year 5 per cent gold bonds due May 1, 1941, issued under an indenture of mortgage, dated May 1, 1911, executed by the applicant to the Empire Trust Company of New York, as trustee. Said bonds are in temporary form, without coupons, exchangeable for 6 per cent definitive coupon bonds to be issued under a supplemental indenture of mortgage, dated November 1, 1920, executed by the applicant to the Empire Trust Company of New York, as trustee, amending said indenture of mortgage, dated May 1, 1911, hereinabove described. Of said temporary bonds, 19 bonds are in denomination of \$40,000 and are numbered 34 to 52, inclusive, and 4 bonds are in denomination of \$10,000 and are numbered 53 to 56, inclusive. Said definitive bonds are to be in denomination of \$1,000, having coupon due May 1, 1921, and subsequent coupons attached, and are to be numbered from 501 to 1800, inclusive. However, said exchange of bonds shall not be made unless and until the Interstate Commerce Commission further certifies to the Secretary of the Treasury that the issue of said definitive bonds is in accordance with law.

Done in Washington, D. C., this 18th day of February, 1921.

65 I. C. C.

FINANCE DOCKET No. 941.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO GREAT WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved by Division 4, December 21, 1920.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

Amendment to Certificate No. 52 for Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 52 of December 15, 1920, for a loan of \$1,929,373 by the United States to the Chicago Great Western Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by changing the concluding clause of subparagraph (a) of paragraph 5 of said certificate to read as follows:

Said bonds are in denomination of \$1,000, in definitive coupon form, having coupon due March 1, 1921, and subsequent coupons attached, and are numbered 28041 to 28350, inclusive, and 28353 to 31902, inclusive.

so that the whole of subparagraph (a) of paragraph 5 of said certificate shall read as follows:

(a) The loan shall be secured by the pledge of \$3,860,000, principal amount, of applicant's first-mortgage 50-year 4 per cent gold bonds, due 1959, issued under an indenture of mortgage dated September 1, 1909, executed by the applicant to the Standard Trust Company of New York, as trustee. Said bonds are in denomination of \$1,000, in definitive coupon form, having coupon due March 1, 1921, and subsequent coupons attached, and are numbered 28041 to 28350, inclusive, and 28353 to 31902, inclusive.

Done in Washington, D. C., this 21st day of December, 1920.

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FINANCE DOCKET No. 1042.

IN THE MATTER OF THE APPLICATION OF THE BUFFALO, ROCHESTER & PITTSBURGH RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted December 17, 1920. Decided December 22, 1920.

Application granted and loan of \$1,000,000 approved.

John F. Dinkey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Buffalo, Rochester & Pittsburgh Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on November 26, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness. December 17, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,000,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness as hereinbelow set forth:

Maturities.	Principal amount.	Financed by applicant.	Loan by United States.
Applicant's first-mortgage 6 per cent bonds, due Feb. 1, 1921.....	\$1,300,000	.....	.....
Applicant's equipment agreement, series-C 4½ per cent bonds, due May 1, 1921.....	687,000	.....	.....
Total.....	1,987,000	\$987,000	\$1,000,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's consolidated-mortgage 4½ per cent bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing obligations, thus enabling it to maintain its credit, and properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation we find that the making of the proposed loan by the United States for the purposes and in the amount as hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 58 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Buffalo, Rochester & Pittsburgh Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

65 I. C. C.

(a) The loan shall be secured by the pledge of \$1,600,000, principal amount, of applicant's consolidated-mortgage 50-year $4\frac{1}{2}$ per cent gold bonds, due May 1, 1957. Said bonds are issued under an indenture of mortgage dated May 1, 1907, executed by the applicant to the Central Trust Company of New York, as trustee, are in definitive coupon form, having coupon due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000 and are numbered 12445 to 13044, inclusive, and 13226 to 14225, inclusive.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security. The Secretary of the Treasury shall not, prior to default upon the obligation evidencing the loan, collect upon the interest-bearing coupons of said bonds, but shall surrender such coupons to the applicant as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury, such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 27th day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorney's fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the

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opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 4th day of January, 1921.

65 I. C. C.

FINANCE DOCKET No. 1084.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND IMPROVEMENT MORTGAGE BONDS AND DEFERRED EQUIPMENT-TRUST CERTIFICATES; TO INDORSE AND GUARANTEE PROMISSORY NOTES OF ITS SUBSIDIARIES; AND TO PLEDGE SECURITIES FOR LOANS FROM THE UNITED STATES.

Submitted December 18, 1920. Decided December 22, 1920.

Authority granted (1) to issue, as of the date of April 1, 1920, \$6,494,000 of refunding and improvement mortgage bonds, series B; and to pledge same with the Secretary of the Treasury as security in part for a loan from the United States under section 210 of the transportation act, 1920, as amended; (2) to assume obligations and liabilities in respect of payment of principal and dividends of \$6,420,000 of 6 per cent equipment-trust gold certificates to be issued by the Guaranty Trust Company of New York, one-fifteenth of the aggregate principal amount of which becomes payable at annual periods in from 1 to 15 years after date of said certificates; and to pledge same with the Secretary of the Treasury as security in part for a loan under said section 210; and (3) to assume obligations and liabilities as indorser and guarantor in respect of payment of principal and interest of promissory notes to be issued by applicant's subsidiaries to the aggregate principal of \$18,290,000; and to pledge said notes with the Secretary of the Treasury as security in part for a loan under said section 210. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$6,494,000 of its 6 per cent refunding and improvement mortgage bonds, series B; (2) to assume obligations and liabilities in respect of the payment of the principal in an aggregate amount not exceeding \$6,420,000 of the New York Central Railroad Company equipment trust of

65 I. C. C.

1920 deferred 6 per cent equipment-trust gold certificates, herein referred to as deferred equipment-trust certificates, also in respect of the payment of the dividend warrants or rights thereto attached or appertaining; (3) to indorse and guarantee the punctual payment of the principal and interest of notes of its subsidiary companies, aggregating \$18,299,000; and (4) to pledge the aforesaid securities with the Secretary of the Treasury as security in part for two loans aggregating \$26,775,000.

We have previously approved the making of a loan by the United States, to the applicant herein, under the provisions of section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant and its subsidiaries to obtain new equipment and make additions and betterments to existing equipment and to way and structures. The loan is to be made in two parts, one in the amount of \$14,850,000, and the other in the amount of \$11,925,000.

The proceeds of the loan of \$14,850,000 are to be used by the applicant for the following purposes:

To provide for not exceeding 25 per cent of the cost of equipment included or to be included in the aforesaid equipment trust of 1920, but excluding therefrom, however, such parts of said equipment as are to be acquired by the Michigan Central Railroad Company and by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, under subleases.....	\$4,490,000
To pay the cost of additions and betterments to applicant's existing equipment.....	1,492,000
To pay the cost of new equipment.....	994,000
To be loaned to the Michigan Central Railroad Company.....	3,930,000
To be loaned to the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.....	3,944,000

This loan will be secured by the pledge of the following securities:

Aggregate amount of applicant's refunding and improvement mortgage bonds, series B.....	\$994,000
Aggregate amount of deferred equipment-trust certificates.....	6,420,000
Aggregate amount of fifteen 6 per cent promissory notes issued by the Michigan Central Railroad Company.....	3,930,000
Aggregate amount of fifteen 6 per cent promissory notes issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.....	3,944,000
Seven per cent demand promissory note issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, secured by pledge of that company's 6 per cent refunding and improvement mortgage bonds, series A, in the aggregate amount of \$4,189,000...	4,000,000
Aggregate amount of general-mortgage 4 per cent bonds, due June 1, 1998, issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, now owned by the applicant and held in its treasury.....	1,000,000

65 I. C. C.

The proceeds of the loan of \$11,925,000 are to be used by the applicant for the following purposes:

To pay the cost of additions and betterments to applicant's way and structures-----	\$5, 500, 000
To be loaned to the Michigan Central Railroad Company-----	613, 000
To be loaned to the Cleveland, Cincinnati, Chicago & St. Louis Railway Company-----	4, 560, 000
Also to be loaned to the Cleveland, Cincinnati, Chicago & St. Louis Railway Company-----	113, 000
To be loaned to the Toledo & Ohio Central Railway Company-----	214, 000
To be loaned to the Zanesville & Western Railway Company-----	60, 000
To be loaned to the Kanawha & Michigan Railway Company-----	256, 000
To be loaned to the Lake Erie & Western Railroad Company-----	609, 000

This loan is to be secured by the pledge of the following securities:

Aggregate amount of applicant's refunding and improvement mortgage bonds, series B-----	\$5, 500, 000
Ten-year 6 per cent promissory note of the Michigan Central Railroad Company, secured by pledge of that company's 6 per cent refunding and improvement mortgage bonds, series B, in the aggregate amount of \$507,000-----	613, 000
Ten-year 6 per cent promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, secured by pledge of that company's 6 per cent refunding and improvement mortgage bonds, series B, in the aggregate amount of \$4,560,000-----	4, 560, 000
Ten-year 6 per cent promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, secured by pledge of a 10-year promissory note of the Cincinnati Northern Railroad Company in a like amount-----	113, 000
Ten-year 6 per cent promissory note of the Toledo & Ohio Central Railway Company-----	214, 000
Ten-year 6 per cent promissory note of the Zanesville & Western Railway Company-----	60, 000
Ten-year 6 per cent promissory note of the Kanawha & Michigan Railway Company-----	256, 000
Ten-year 6 per cent promissory note of the Lake Erie & Western Railway Company-----	609, 000

The carriers to whom the applicant proposes to make the aforesaid loans are its subsidiaries. Descriptions of the notes to be issued by those subsidiaries, which are to be indorsed, guaranteed, and pledged by the applicant, are given in our reports upon and orders of this date, granting the applications of the Michigan Central Railroad Company, in finance docket No. 1085; the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, in finance docket No. 1086; the Toledo & Ohio Railway Company, in finance docket No. 1087; the Zanesville & Western Railway Company, in finance docket No. 1088; the Kanawha & Michigan Railway Company, in finance docket No. 1089; and the Lake Erie & Western Railroad Company, in finance docket No. 1090.

The issue of \$6,494,000 of series-B bonds will be made under the refunding and improvement mortgage, dated October 1, 1913, heretofore executed and delivered by the New York Central & Hudson River Railroad Company, the predecessor of the applicant, to the Guaranty Trust Company of New York, which by a supplemental agreement, dated June 15, 1915, was assumed by the applicant, and whereby the lien of said mortgage of October 1, 1913, was extended. These bonds will be dated April 1, 1920, will mature October 1, 2018, and will bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of April and October in each year. They will be exchangeable as between coupon and registered bonds, and will be redeemable as provided in the mortgage securing the same. Of these bonds, \$994,000 will be issued in respect of the acquisition of new equipment, as shown by schedule A, filed with the application, for which a like amount of money, being part of the proceeds of the loan of \$14,850,000, will be expended. The bonds so issued are to be pledged with the Secretary of the Treasury of the United States as part of the security for said loan.

Of the aforesaid series B, \$5,500,000 bonds will be issued in respect of additions and betterments to way and structures, made and to be made by the applicant during 1920 and 1921, as shown by schedule D, accompanying the application, for which a like amount of money, being part of the proceeds of the loan of \$11,925,000, will be expended. The bonds so issued are to be pledged with the Secretary of the Treasury of the United States as part of the security of the last-mentioned loan.

The New York Central Railroad Company equipment trust of 1920 was established by an agreement dated April 15, 1920, between John Carstensen, Milton S. Barger, and Harry G. Snelling, called vendors, the Guaranty Trust Company of New York, called the trustee, and the applicant. That trust covers equipment, at an estimated cost of \$48,818,300, as follows: 9,244 steel, box, and other freight-train cars; 265 steel and other passenger-train cars; and 196 freight, passenger, and switching locomotives.

Approximately three-fourths of the estimated cost, or \$36,225,000, is represented by 7 per cent equipment-trust certificates, issued by the trustee under the trust agreement. Under a lease, the execution of which was provided for in the trust agreement, and which was executed on September 27, 1920, the applicant is to have the use and possession of the equipment, the lease, however, providing that the applicant may sublet such of the equipment as it may determine to certain of its subsidiaries. The applicant represents that equipment, of the estimated cost of \$25,833,002, has not yet been delivered. By a sup-

plemental agreement to be dated December 15, 1920, between the same parties, \$6,420,000 of certificates, to be known as the New York Central Railroad Company supplemental equipment trust of 1920 deferred 6 per cent equipment-trust gold certificates are proposed to be issued, in respect of approximately 25 per cent of the estimated cost of the undelivered equipment. By the execution of the supplemental agreement the applicant will become obligated to pay, as additional rentals, among other things, the amount of the principal of the deferred equipment-trust certificates on the respective dates on which such principal by the terms of the certificates becomes due and payable without extension, and the amount of dividend warrants belonging to and dividend payments provided for in the deferred certificates, on the respective dates on which such warrants or dividend payments shall severally become due by the terms of said warrants or of said certificates. These certificates will be issued by the Guaranty Trust Company of New York, trustee, in the denominations of \$1,000 each, will be dated as of the date of the execution and delivery of the said supplemental agreement, and one-fifteenth of the aggregate principal amount thereof will become payable successively at annual periods from the date of the certificates in from 1 to 15 years.

When the applicant shall have fully complied with, made all payments required by, and performed all its covenants and obligations under the aforesaid supplemental agreement, the lease supplemented thereby, and the aforesaid trust agreement of April 15, 1920, the equipment on which said deferred equipment-trust certificates are secured will be conveyed and transferred to the applicant.

The deferred equipment-trust certificates will be issued in respect of equipment included or to be included in the aforesaid equipment trust of 1920, which shall not have been delivered or paid for on the date of the execution and delivery of the proposed supplemental agreement, a description of which is submitted with the application. The rights of the holders of the deferred equipment-trust certificates will be subordinate to the present and future rights of the holders of the 7 per cent equipment-trust certificates.

Dividend warrants evidencing the rights of the holders to semi-annual dividends on their deferred equipment-trust certificates, to and including the date of maturity designated therein, at the rate of 6 per cent per annum, will be attached to the respective deferred equipment-trust certificates.

The aforesaid certificates, of the principal amount of \$6,420,000, are to be pledged with the Secretary of the Treasury of the United States as security in part of the loan of \$14,850,000 from the United States.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of New York, New Jersey, Massachusetts, Pennsylvania, Ohio, Indiana, Illinois, and Michigan, the only states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of the states of Ohio and Michigan have been filed by the public utilities commissions of those states, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the states of New York, Pennsylvania, Ohio, Indiana, Illinois, and Michigan we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (8) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer on behalf of Michigan also asserts that said state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required, is void if issued without said authority having been first obtained. Upon consideration of the answers of the public utilities commissions of Ohio and Michigan, we are of opinion that we have jurisdiction.

No objection to the granting of the application has been offered by the railroad, public service or utilities commission, or other state authority of New York, New Jersey, Massachusetts, Pennsylvania, Indiana, or Illinois.

65 I. C. C.

We find that the proposed issue of bonds, the proposed assumption of obligations and liabilities in respect of deferred equipment-trust certificates and promissory notes, and the proposed pledge of said bonds, deferred equipment-trust certificates, and promissory notes (a) are for lawful objects within the corporate purposes of the New York Central Railroad Company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to issue as of the date of April 1, 1920, \$6,494,000 of its refunding and improvement mortgage bonds, series B, the same to be issued under, and secured by, the refunding and improvement mortgage dated October 1, 1913, made by the New York Central & Hudson River Railroad Company, a predecessor of the applicant, to the Guaranty Trust Company of New York, which by a supplemental agreement dated June 15, 1915, was assumed by the applicant, and whereby the lien of said mortgage was extended; said bonds to be exchangeable as between coupon and registered bonds, to be redeemable as provided in said mortgage, and to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st days of April and October in each year, the principal thereof to be payable on the 1st day of October, 2013; and (2) to pledge \$994,000 of said bonds with the Secretary of the Treasury of the United States, as security in part for a loan in the sum of \$14,850,000, under section 210 of the transportation act, 1920, as amended; and to pledge the remainder thereof, or \$5,500,000, in like manner as security in part for a loan of \$11,925,000, under said section 210.

It is further ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to assume obligations and liabilities in respect of the payment of the principal amount in an aggregate not exceeding \$6,420,000, of the New York Central Railroad Company equipment trust of 1920 deferred 6 per cent equip-

ment-trust gold certificates, also in respect of the payment of the dividend warrants or rights thereto attached or appertaining, by joining in the execution and delivery of a proposed agreement to be dated December 15, 1920, between John Carstensen, Milton S. Barger, and Harry G. Snelling, the Guaranty Trust Company of New York, and the applicant, supplemental to an agreement between the same parties dated April 15, 1920, which established the New York Central Railroad Company equipment trust of 1920, also supplementing a lease dated September 27, 1920, covering equipment included in said equipment trust, between the Guaranty Trust Company of New York and the applicant; said deferred equipment-trust certificates to be issued by the trustee under the supplemental agreement of December 15, 1920, in the denomination of \$1,000 each, and dated as of the date of the execution and delivery of the supplemental agreement; one-fifteenth of the aggregate principal amount of said deferred equipment-trust certificates to mature successively at annual periods from the date of the certificates in from 1 to 15 years; each of the certificates to have attached thereto dividend warrants evidencing the rights of the holders to dividends thereon at the rate of 6 per cent per annum, payable at semiannual periods until the designated date of maturity of the certificates to which such warrant is attached; the rights of the holders of the deferred certificates to be subordinate to the present and future rights of the holders of the 7 per cent certificates issued under said agreement of April 15, 1920; said deferred equipment-trust certificates to be substantially in the form submitted with the application; and (2) to pledge these deferred equipment-trust certificates with the Secretary of the Treasury of the United States as security in part for the afore-said loan of \$14,850,000 from the United States, under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to assume obligations and liabilities as indorser and guarantor in respect of the punctual payment of the principal and interest of the following described promissory notes to be issued by applicant's subsidiary companies:

Fifteen 6 per cent promissory notes in the aggregate amount of \$3,930,000, to be issued by the Michigan Central Railroad Company, as authorized by the order in finance docket No. 1085;

Fifteen 6 per cent promissory notes in the aggregate amount of \$3,944,000, to be issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, as authorized by the order in finance docket No. 1086;

One 7 per cent promissory demand note of the face amount of \$4,000,000 to be issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, which is to be reported to this Commission in a certificate of notification;

65 I. C. C.

and (2) to pledge the said promissory notes with the Secretary of the Treasury of the United States as security in part for said loan in the sum of \$14,850,000 from the United States, under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to assume obligations and liabilities as indorser and guarantor in respect of the punctual payment of the principal and interest of the following described promissory notes to be issued by applicant's subsidiary companies:

One 10-year 6 per cent promissory note in the face amount of \$618,000, to be issued by the Michigan Central Railroad Company, as authorized by the order in finance docket No. 1085.

One 10-year 6 per cent promissory note in the face amount of \$4,560,000, and another 10-year 6 per cent promissory note in the face amount of \$113,000, both of which are to be issued by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, as authorized by the order in finance docket No. 1086.

One 10-year 6 per cent promissory note in the face amount of \$214,000, to be issued by the Toledo & Ohio Central Railway Company, as authorized by the order in finance docket No. 1087.

One 10-year 6 per cent promissory note in the face amount of \$80,000, to be issued by the Zanesville & Western Railway Company, as authorized by the order in finance docket No. 1088.

One 10-year 6 per cent promissory note in the face amount of \$256,000, to be issued by the Kanawha & Michigan Railway Company, as authorized by the order in finance docket No. 1089; and

One 10-year 6 per cent promissory note in the face amount of \$809,000, to be issued by the Lake Erie & Western Railroad Company, as authorized by the order in finance docket No. 1090;

and (2) to pledge said promissory notes with the Secretary of the Treasury of the United States as security in part for the aforesaid loan in the sum of \$11,925,000 from the United States to the applicant, under the provisions of section 210 of the transportation act, 1920, as amended.

It is further ordered, That, except as herein authorized to be indorsed, guaranteed, pledged, or obligation or liability assumed in respect thereto, the aforesaid securities shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission, within 30 days after the close of such periods, all pertinent facts relating to the issue and disposition of said securities as herein authorized, the payment and satisfaction of said notes and the release of said securities from pledge; each of the reports to be signed by an executive officer of the applicant

65 I. C. C.

having knowledge of the facts, and verified by his oath; said reports to be made periodically, as herein required, until all of the notes and deferred equipment-trust certificates shall have been issued and disposed of, and paid or otherwise satisfied, and until all pledged securities shall have been released from pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said securities, or interest or dividends thereon, on the part of the United States.

65 L. C. C.

FINANCE DOCKET No. 1085.

IN THE MATTER OF THE APPLICATION OF THE MICHIGAN CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES AND TO ISSUE AND PLEDGE REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

Submitted November 13, 1920. Decided December 22, 1920.

Authority granted (1) to issue fifteen 6 per cent promissory notes, each for \$262,000, maturing successively in from 1 to 15 years after date, payable to the order of the New York Central Railroad Company, for a loan aggregating \$3,930,000, the proceeds to be used by applicant in procurement of new equipment, and for additions and betterments to existing equipment; (2) to issue one 10-year 6 per cent promissory note for \$613,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to applicant's way and structures; and (3) to issue \$507,000 of 6 per cent refunding and improvement mortgage bonds, series B, maturing July 1, 1935, and to pledge same with the New York Central Railroad Company as security for said note for \$613,000. Conditions and terms prescribed.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

**DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:**

The Michigan Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue fifteen 6 per cent promissory notes for \$262,000 each, aggregating \$3,930,000, maturing successively in from 1 to 15 years after date, and payable to the order of the New York Central Railroad Company; (2) to issue one 10-year 6 per cent promissory note for \$613,000, payable to the order of the New York Central Railroad; and (3) to issue \$507,000 of its 6 per cent refunding and improvement mortgage bonds, series B, and to pledge the same with the New York Central Railroad Company, as collateral security for the note for \$613,000.

The applicant proposes to procure new equipment, at an estimated cost of \$8,180,000. Of this amount approximately \$6,135,000 has been provided under and pursuant to the New York Central Railroad Company equipment trust of 1920, a copy of which is on file with the application of that company in finance docket No. 1084.

65 I. C. C.

This equipment is described in schedule A attached to the application in this proceeding.

Of the estimated cost, 25 per cent, or \$2,045,000, will be financed out of the proceeds of a loan in the sum of \$3,930,000, which the applicant has arranged to obtain from the New York Central Railroad Company, for which it proposes to issue 15 promissory notes in the sum of \$262,000 each. These notes will be payable to the order of the New York Central Railroad Company, and will bear interest at the rate of 6 per cent per annum, payable semiannually. They will be dated as of the date of issue and will mature successively in from 1 to 15 years after date.

The remainder of the proceeds of the loan, or \$1,885,000, will be used to pay the cost of additions and betterments to existing equipment, made or to be made by the applicant during the years 1920 and 1921. These additions and betterments are also set forth in schedule A with the application.

To provide funds to cover the cost of additions and betterments to its right of way and structures, made and to be made by the applicant to its owned and leased properties, during 1920 and 1921, the same being listed in schedule B filed with the application, the applicant desires to borrow the sum of \$613,000, issuing its note therefor. The proposed note will be dated as of the date of issue, and payable to the order of the New York Central Railroad Company, 10 years after date. It will bear interest at the rate of 6 per cent per annum, payable semiannually.

As collateral security for said note the applicant proposes to issue and pledge \$507,000 of its 6 per cent refunding and improvement mortgage bonds, series B. These bonds will be dated July 1, 1920, and will mature on July 1, 1935. They will be issued under and secured by a refunding and improvement mortgage dated January 1, 1917, made by the applicant to the Bankers Trust Company, a copy of which is filed with the application. The issue of these bonds will be in respect of additions and betterments to the applicant's way and structures, listed in schedule C accompanying the application, for which part of the proceeds of the above-mentioned note for \$613,000 will be expended.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states of Michigan, Ohio, Indiana, Illinois, and New York, the only states in which the applicant operates. While no request for a hearing has been made by

any state authority, answers containing representations on behalf of the States of Ohio and Michigan have been filed by the public utilities commissions thereof, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the state of Michigan, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer on behalf of Michigan also asserts that said state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

No objection to the granting of the application has been offered by the railroad, public service, or utilities commissions, or other authorities of the states of Indiana, Illinois, or New York.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required, is void if issued without such authority having been first obtained. Upon consideration of the answers of the public utilities commissions of Ohio and Michigan, we are of opinion that we have jurisdiction.

We find that the proposed issue by the applicant of its promissory notes and refunding and improvement mortgage bonds and the proposed pledge of said bonds (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Michigan Central Railroad Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its 15 promissory notes for the aggregate amount of \$3,930,000, said notes to be in the sum of \$262,000 each, to be dated as of the date of issue, to mature successively in from 1 to 15 years after date, to be payable to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, and to be substantially in the form submitted with the application; \$2,045,000 of the proceeds of these notes to be used in connection with the procurement of new equipment under and pursuant to the New York Central Railroad Company equipment trust of 1920, and the remainder of said proceeds, or \$1,885,000, to be used in paying the cost of additions and betterments to existing equipment during 1920 and 1921 as specified in the application.

It is further ordered, That the Michigan Central Railroad Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$613,000, substantially in the form set forth in the application; said note to be dated as of the date of issue, to bear interest at the rate of 6 per cent per annum, payable semiannually, and to be payable to the order of the New York Central Railroad Company 10 years after date; the proceeds of said note to be used in paying the cost of additions and betterments to applicant's right of way and structures during the years 1920 and 1921, as set forth in the application.

It is further ordered, That the Michigan Central Railroad Company be, and it is hereby, authorized (1) to issue, as of the date of July 1, 1920, if in the form of coupon bonds, but if in the form of registered bonds, as of the date of their issue, \$507,000 of its refunding and improvement mortgage bonds, series B; said bonds to be issued under and secured by the refunding and improvement mortgage dated January 1, 1917, made by the applicant to the Bankers Trust Company, and to be substantially in the form set forth therein; said bonds to be exchangeable as between coupon and registered bonds, to be redeemable as provided in said mortgage, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of January and July in each year, the principal thereof to be payable on the 1st day of July, 1935; and (2) to pledge these bonds

with the New York Central Railroad Company as collateral security for the note in the sum of \$613,000, hereinbefore authorized to be issued.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, or repledged, or otherwise disposed of by the applicant until so authorized by the future order of the Commission.

It is further ordered, That the applicant shall for the period ending June 30, 1921, and for each six months' period thereafter, report to the Commission within 30 days after the close of said periods, all pertinent facts relating to (1) the issue of said notes and the use of the proceeds thereof; (2) the issue and pledge of said bonds; and (3) the payment and satisfaction of the notes and the release of the bonds from pledge; each of the reports to be signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath; and to be made periodically as herein required, until all of the notes shall have been issued and paid, or otherwise satisfied, and until all bonds pledged under the authority contained in this order shall have been released from such pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes and bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1086.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES, TO ISSUE AND PLEDGE REFUNDING AND IMPROVEMENT MORTGAGE BONDS, AND TO GUARANTEE A NOTE.

Submitted December 13, 1920. Decided December 22, 1920.

Authority granted (1) to issue fifteen 6 per cent promissory notes for approximately \$262,933.33 each, maturing successively in from 1 to 15 years after date, payable to the order of the New York Central Railroad Company for a loan aggregating \$3,944,000, the proceeds to be used by applicant in procurement of new equipment, and for additions and betterments to existing equipment; (2) to issue one 10-year 6 per cent promissory note for amount of \$4,560,000, payable to order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to applicant's way and structures; (3) to issue \$4,560,000 of 6 per cent refunding and improvement mortgage bonds, series B, maturing July 1, 1935, and to pledge same with the New York Central Railroad Company as security for said note for \$4,560,000; (4) to issue \$4,189,000 of 6 per cent refunding and improvement mortgage bonds, series A, maturing July 1, 1929, and to pledge same with the New York Central Railroad Company as security for a demand note for \$4,000,000; and (5) to assume obligations and liabilities as indorser and guarantor in respect of a certain note for \$118,000, issued by the Cincinnati Northern Railroad Company. Conditions and terms prescribed.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, herein termed applicant, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue 15 promissory notes for approximately \$262,933.33 each, so that the aggregate principal amount thereof will be \$3,944,000, maturing successively in from 1 to 15 years after date, and payable to the order of the New York Central Railroad Company, herein termed the New York Central; (2) to issue one 10-year 6 per cent promissory note for \$4,560,000, also payable to the order of the New York Central; (3) to issue \$4,560,000

65 I. C. C.

of its 6 per cent refunding and improvement mortgage bonds, series B, and to pledge the same with the New York Central as collateral security for the aforesaid note of \$4,560,000; (4) to issue \$4,189,000 of its 6 per cent refunding and improvement mortgage bonds, series A, and to pledge the same with the New York Central as collateral security for a promissory note in the sum of \$4,000,000, which will be covered by a certificate of notification; (5) to issue one 10-year promissory note for \$113,000, payable to the order of the New York Central; and (6) to assume obligations and liabilities as indorser and guarantor in respect of a note for \$113,000, issued by the Cincinnati Northern Railroad Company, the same to be pledged with the New York Central as collateral security for the applicant's note for a like amount.

The applicant proposes to procure new equipment, at an estimated cost of \$18,660,000. Of this amount approximately \$10,245,000 has been covered under and pursuant to the New York Central Railroad Company equipment trust of 1920, a copy of which is filed with the application of that company in finance docket No. 1084. This equipment is described in schedule A, attached to the application in this proceeding.

Of the estimated cost 25 per cent, or \$3,415,000, will be financed out of a loan in the sum of \$3,944,000 which the applicant has arranged to obtain from the New York Central, for which it proposes to issue 15 promissory notes in the principal amount of approximately \$262,933.33 each. These notes will be payable to the order of the New York Central and will bear interest at the rate of 6 per cent per annum, payable semiannually. They will be dated as of the date of issue, and will mature successively in from 1 to 15 years after date.

The remainder of the proceeds of the loan, or \$529,000, will be used to pay the cost of additions and betterments to existing equipment, made or to be made by the applicant during 1920 and 1921. These additions and betterments are also set forth in schedule A, filed with the application.

To provide funds to cover the cost of additions and betterments to its way and structures, made and to be made by the applicant to its owned and leased property during 1920 and 1921, the same being listed in schedule B filed with the application, the applicant desires to borrow the sum of \$4,560,000, issuing its promissory note therefor. The proposed note will be dated as of the date of issue and payable to the order of the New York Central 10 years after date, with interest at the rate of 6 per cent per annum payable semiannually. As collateral security for this note the applicant proposes to issue and pledge \$4,560,000 of its 6 per cent refunding and improvement mortgage bonds, series B. These bonds will be dated

65 I. C. C.

July 1, 1920, and will mature on July 1, 1935. They will be issued under and secured by a refunding and improvement mortgage dated June 27, 1919, made by the applicant to the Guaranty Trust Company of New York and Frank L. Littleton, a copy of which is filed with the application. The issue of these bonds will be in respect of the additions and betterments to the applicant's way and structures listed in said schedule B, for which the proceeds of the above-mentioned note for \$4,560,000 will be expended.

Demand notes heretofore issued by the applicant, bearing interest at the rate of 6 per cent per annum, and aggregating \$4,000,000 are now held by the New York Central. In payment and satisfaction thereof, the applicant proposes to issue its promissory note payable on demand to that company in the principal amount of \$4,000,000, with interest at the rate of 7 per cent per annum payable semi-annually, and to report the issue of the same to us in a certificate of notification in accordance with the provisions of paragraph 9 of section 20a of the interstate commerce act. The applicant is seeking authority to issue \$4,189,000 of its refunding and improvement mortgage bonds, series A, and to pledge the same as collateral security for the aforementioned 7 per cent demand note. These bonds will be issued under and secured by the applicant's refunding and improvement mortgage of June 27, 1919. They will be dated July 1, 1919, and will mature July 1, 1929. Their issue will be in respect of expenditures for additions and betterments to way and structures, made by the applicant to its owned and leased lines, during the period from June 1, 1918, to December 31, 1917. A statement of these additions and betterments is given in schedule C filed with the application.

Arrangements have been made by the applicant to obtain a loan of \$118,000 from the New York Central, and authority is desired by the applicant to issue its promissory note therefor, payable 10 years after date, with interest at the rate of 6 per cent per annum payable semiannually. The proceeds of this loan will in turn be loaned by the applicant to the Cincinnati Northern Railroad Company, which is controlled by the applicant. Upon application filed by it, we have by our order of this date, in finance docket No. 1091, authorized the Cincinnati Northern Railroad Company to issue its 10-year promissory note payable to the applicant herein with interest at the rate mentioned. The note thus received by the applicant is to be pledged with the New York Central as collateral security for the applicant's own note in a like amount, and authority is desired by the applicant to indorse and guarantee the punctual payment of the principal and interest of the note so pledged.

65 I. C. C.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of the states of Ohio and Michigan, have been filed by the public utilities commissions of those states, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the states of Ohio and Indiana, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer on behalf of Michigan also asserts that said state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without said authority having been first obtained. Upon consideration of the answers of the public utilities commissions of Ohio and Michigan, we are of the opinion that we have jurisdiction.

No objection to the granting of the application has been offered in behalf of any other state.

We find that the proposed issue of notes and bonds, the proposed pledge of bonds, and the proposed guaranty of the note of the Cincinnati Northern Railroad Company (a) are for lawful objects within the corporate purposes of the Cleveland, Cincinnati, Chicago

& St. Louis Railway Company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its 15 promissory notes for approximately \$262,933.33 each, so that the aggregate principal amount thereof will be \$3,944,000; said notes to be dated as of the date of issue, to bear interest at the rate of 6 per cent per annum, payable semiannually, to mature successively in from 1 to 15 years after date, to be payable to the order of the New York Central Railroad Company, and to be substantially in the form submitted with the application; \$3,415,000 of the proceeds of said notes to be used in connection with the procurement of new equipment under and pursuant to the New York Central Railroad Company equipment trust of 1920, and the remainder of said proceeds, or \$529,000, to be used in paying the cost of additions and betterments to existing equipment, as specified in the application.

It is further ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized (1) to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$4,560,000; said note to be dated as of the date of issue, to bear interest at the rate of 6 per cent per annum, payable semiannually, to mature 10 years after date, to be payable to the order of the New York Central Railroad Company, to be substantially in the form submitted with the application, and to be secured by the pledge of a like amount of the applicant's 6 per cent refunding and improvement mortgage bonds, series B, the issue of which is herein authorized; the proceeds of said note to be used solely in paying the cost of additions and betterments to way and structures, made and to be made by the applicant to its owned and leased properties, during 1920 and 1921, as set forth in the application; (2) to issue, as of the date of July 1, 1920, \$4,560,000 of its 6 per cent refunding and improvement mortgage bonds, series

B; said bonds to be issued under and secured by the refunding and improvement mortgage dated June 27, 1919, made by the applicant to the Guaranty Trust Company of New York and Frank L. Littleton, and to be substantially in the form submitted with the application; said bonds to be exchangeable as between coupon and registered bonds, to be redeemable as provided in said mortgage, and bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and July in each year, the principal thereof to be payable on the 1st day of July, 1935; and (3) to pledge said bonds with the New York Central Railroad Company as collateral security for the aforesaid promissory note in the sum of \$4,560,000 hereinbefore authorized to be issued.

It is further ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized (1) to issue, as of the date of July 1, 1919, \$4,189,000 of its refunding and improvement mortgage bonds, series A; said bonds to be issued under and secured by the aforementioned refunding and improvement mortgage of June 27, 1919, and to be substantially in the form set forth therein, to be exchangeable as between coupon and registered bonds, to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of January and July in each year, the principal thereof to be payable on the 1st day of July, 1929; and (2) to pledge these bonds with the New York Central Railroad Company as collateral security for a promissory note in the sum of \$4,000,000, payable on demand to that company.

It is further ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized (1) to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$113,000; said note to be dated as of the date of issue, and to be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually; the proceeds thereof to be used by the applicant in making a loan in a like amount to the Cincinnati Northern Railroad Company; and (2) to assume obligations and liabilities as indorser and guarantor in respect to a note for \$113,000, the issue of which by the Cincinnati Northern Railroad Company has been authorized by the Commission's order of this date, in finance docket No. 1091; said note so indorsed and guaranteed to be pledged by the applicant as collateral security for the applicant's aforesaid note in a like amount.

It is further ordered, That, except as herein authorized to be pledged, said bonds and notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to the Commission, within 30 days after the close of such periods, all pertinent facts relating to (1) the issue of said notes and the use of the proceeds thereof; (2) the issue and pledge of said bonds; and (3) payment and satisfaction of said notes, and the release of said bonds from pledge; each report to be signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath, and to be made periodically as herein required, until all of the notes shall have been issued and paid, or otherwise satisfied, and until all bonds pledged under the authority contained in this order shall be released from said pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes or bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1087.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO & OHIO CENTRAL RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year 6 per cent promissory note for \$214,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Toledo & Ohio Central Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue its 10-year 6 per cent promissory note in the principal amount of \$214,000, the proceeds thereof to be used for additions and betterments to the applicant's roadway and structures during 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$214,000 from the New York Central Railroad Company, for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of said state has been filed by the Public Utilities Commission thereof, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organ-

65 I. C. C.

ized and existing under the laws of the state of Ohio, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

We find that the proposed issue of said promissory note by the applicant (a) is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo & Ohio Central Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$214,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable I. C. C.

able semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to the Commission all pertinent facts relating to the issue of said note as herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall report to the Commission the use of the proceeds, until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1088.

IN THE MATTER OF THE APPLICATION OF THE ZANESVILLE & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue 10-year promissory note for \$60,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Zanesville & Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$60,000, the proceeds thereof to be used in making additions and betterments to the applicant's roadway and structures during 1920 and 1921 as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$60,000 from the New York Central Railroad Company, for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. While no request for a hearing has been made by any state authority, an answer, containing representations on behalf of said state, has been filed by the public utilities commission thereof, in which dismissal of the application is asked on the grounds (1) that the applicant being a railroad corporation organized and existing under the laws of the state of Ohio, we have no

jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Zanesville & Western Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$60,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the

65 I. C. C.

application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to the Commission all pertinent facts relating to the issue of said note as herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall report to the Commission the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1089.

IN THE MATTER OF THE APPLICATION OF THE
KANAWHA & MICHIGAN RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year 6 per cent promissory note for \$256,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures and for rebuilding equipment.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Kanawha & Michigan Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$256,000, the proceeds to be used in making additions and betterments to the applicant's roadway and structures and for rebuilding 400 gondola cars in 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$256,000 from the New York Central Railroad Company for the purpose of making the aforesaid additions and betterments and rebuilding of equipment. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Ohio and West Virginia, the only states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio, has been filed by the public utilities commission of that state, in which dismissal

65 I. C. C.

of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the states of Ohio and West Virginia, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security, for the issue of which our authority is required, is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

No objection to the granting of the application has been offered by the Public Service Commission of the state of West Virginia.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Kanawha & Michigan Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the

date of this order, its promissory note in the principal amount of \$256,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to applicant's roadway and structures and for rebuilding equipment during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to this Commission all pertinent facts relating to the issue of said note herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall also report the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1090.

IN THE MATTER OF THE APPLICATION OF THE LAKE
ERIE & WESTERN RAILROAD COMPANY FOR AUTHOR-
ITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year promissory note for \$609,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures and to equipment.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lake Erie & Western Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$609,000, the proceeds to be used in making additions and betterments to the applicant's roadway and structures and to its equipment during 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$609,000 from the New York Central Railroad Company for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio has been filed by the public utilities commission of that state, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and ex-
65 I. C. C.

FINANCE DOCKET No. 1087.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO & OHIO CENTRAL RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year 6 per cent promissory note for \$214,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Toledo & Ohio Central Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue its 10-year 6 per cent promissory note in the principal amount of \$214,000, the proceeds thereof to be used for additions and betterments to the applicant's roadway and structures during 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$214,000 from the New York Central Railroad Company, for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of said state has been filed by the Public Utilities Commission thereof, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organ-

ized and existing under the laws of the state of Ohio, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

We find that the proposed issue of said promissory note by the applicant (a) is for some lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo & Ohio Central Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$214,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable I. C. C.

able semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to the Commission all pertinent facts relating to the issue of said note as herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall report to the Commission the use of the proceeds, until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1088.

IN THE MATTER OF THE APPLICATION OF THE ZANESVILLE & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue 10-year promissory note for \$60,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Zanesville & Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$60,000, the proceeds thereof to be used in making additions and betterments to the applicant's roadway and structures during 1920 and 1921 as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$60,000 from the New York Central Railroad Company, for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the applicant operates. While no request for a hearing has been made by any state authority, an answer, containing representations on behalf of said state, has been filed by the public utilities commission thereof, in which dismissal of the application is asked on the grounds (1) that the applicant being a railroad corporation organized and existing under the laws of the state of Ohio, we have no

jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Zanesville & Western Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$60,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the

application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to the Commission all pertinent facts relating to the issue of said note as herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall report to the Commission the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1089.

IN THE MATTER OF THE APPLICATION OF THE
KANAWHA & MICHIGAN RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year 6 per cent promissory note for \$256,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures and for rebuilding equipment.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Kanawha & Michigan Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$256,000, the proceeds to be used in making additions and betterments to the applicant's roadway and structures and for rebuilding 400 gondola cars in 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$256,000 from the New York Central Railroad Company for the purpose of making the aforesaid additions and betterments and rebuilding of equipment. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Ohio and West Virginia, the only states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio, has been filed by the public utilities commission of that state, in which dismissal

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of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the states of Ohio and West Virginia, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security, for the issue of which our authority is required, is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

No objection to the granting of the application has been offered by the Public Service Commission of the state of West Virginia.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Kanawha & Michigan Railway Company be, and it is hereby, authorized to issue at par, within 60 days after the

date of this order, its promissory note in the principal amount of \$256,000; said note to be dated as of the date of issue, to be payable 10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to applicant's roadway and structures and for rebuilding equipment during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to this Commission all pertinent facts relating to the issue of said note herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall also report the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1090.

IN THE MATTER OF THE APPLICATION OF THE LAKE
ERIE & WESTERN RAILROAD COMPANY FOR AUTHOR-
ITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year promissory note for \$609,000, payable to the order of the New York Central Railroad Company, the proceeds to be used for additions and betterments to roadway and structures and to equipment.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Lake Erie & Western Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note in the principal amount of \$609,000, the proceeds to be used in making additions and betterments to the applicant's roadway and structures and to its equipment during 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$609,000 from the New York Central Railroad Company for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the New York Central Railroad Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio has been filed by the public utilities commission of that state, in which dismissal of the application is asked, on the grounds (1) that as the applicant is a railroad corporation organized and ex-
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isting under the laws of the state of Illinois, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (8) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answer of the Public Utilities Commission of Ohio, we are of opinion that we have jurisdiction.

No objection to the granting of the application has been offered by any state authority other than that of Ohio.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Lake Erie & Western Railroad Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$809,000; said note to be dated as of the date of issue, to be payable

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10 years after date to the order of the New York Central Railroad Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures and to its equipment during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to this Commission all pertinent facts relating to the issue of said note as herein authorized within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such periods, shall also report the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1091.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI NORTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Submitted November 13, 1920. Decided December 22, 1920.

1. Authority granted to issue a 10-year promissory note for \$113,000, payable to the order of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, the proceeds to be used for additions and betterments to roadway and structures and to equipment.
2. Conditions and terms prescribed.

Robert J. Cary and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cincinnati Northern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its 10-year 6 per cent promissory note for \$113,000, the proceeds thereof to be used in making additions and betterments to the applicant's roadway and structures and to its equipment during 1920 and 1921, as set forth in the application.

Arrangements have been made by the applicant to obtain a loan of \$113,000 from the Cleveland, Cincinnati, Chicago & St. Louis Railway Company for the purpose of making the aforesaid additions and betterments. The promissory note proposed to be given for the loan will be dated as of the date of issue, and will be payable to the order of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company 10 years after date, with interest at the rate of 6 per cent per annum, payable semiannually.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of the states of Ohio and Michigan, the only states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of said states have been filed by the public

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utilities commissions thereof, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the state of Ohio, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer on behalf of Michigan also asserts that said state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

It is well established that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to our jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon us to authorize the issue of securities by such carriers. It is provided therein that a carrier may, under our authority, issue securities and assume obligations or liabilities in accordance with the provisions of said section 20a without securing other approval.

Paragraph 2 of said section 20a provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, we authorize such issue. Any security for the issue of which our authority is required is void if issued without such authority having been first obtained. Upon consideration of the answers of the public utilities commissions of said states, we are of opinion that we have jurisdiction.

We find that the proposed issue of said promissory note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the applicant of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

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It is ordered, That the Cincinnati Northern Railroad Company be, and it is hereby, authorized to issue at par, within 60 days after the date of this order, its promissory note in the principal amount of \$113,000, said note to be dated as of the date of issue, to be payable 10 years after date to the order of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, with interest at the rate of 6 per cent per annum, payable semiannually, and to be substantially in the form submitted with the application; the proceeds of said note to be used solely in making additions and betterments to the applicant's roadway and structures and to its equipment during the years 1920 and 1921, as set forth in the application.

It is further ordered, That said applicant (1) shall report to this Commission all pertinent facts relating to the issue of said note as herein authorized, within 10 days thereafter; and (2) for the period ending June 30, 1921, and for each six months' period thereafter, within 30 days after the close of such period, shall report to this Commission the use of the proceeds until the whole thereof shall have been used; said reports to be signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1158.

IN THE MATTER OF THE APPLICATION OF THE ATLANTIC COAST LINE RAILROAD COMPANY FOR AUTHORITY TO EXECUTE AN EQUIPMENT-TRUST AGREEMENT AND LEASE OF EQUIPMENT, AND THEREBY TO ASSUME OBLIGATION OR LIABILITY FOR TRUST CERTIFICATES.

Submitted December 18, 1920. Decided December 23, 1920.

Authority granted (1) to enter into an equipment-trust agreement, to be dated February 1, 1921, with certain vendors and with the Safe Deposit & Trust Company of Baltimore, under which specified equipment will be held in trust for the benefit of the holders of \$4,500,000 of trust certificates to be issued thereunder; (2) to enter into a lease, to be dated February 1, 1921, with said trust company, covering the equipment; and (3) by said agreement and lease to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment (title to which will ultimately be acquired by the applicant) sums sufficient to pay the principal of the certificates, dividends thereon at the rate of 6½ per cent per annum, and certain other charges, as therein specified.

George B. Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Atlantic Coast Line Railroad Company, herein termed the applicant, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to execute an equipment-trust agreement and a lease of the trust equipment thereunder, and thereby to assume obligation or liability in respect of \$4,500,000 of trust certificates to be issued under said agreement.

The applicant desires to procure equipment, at estimated costs, as follows:

25 light Pacific locomotives, Road Nos. 1545-1569, inclusive, at \$57,407 each.....	\$1,435,175
5 switch locomotives, Road Nos. 1146-1150, inclusive, at \$47,600 each.....	238,000
100 steel-underframe hopper-bottom phosphate cars, Road Nos. 8075-8174, inclusive, at \$2,980 each.....	298,000
500 steel-underframe ventilated box cars, Road Nos. 43785-44284, inclusive, at \$3,718.18 each.....	1,859,090
400 all-steel hopper-bottom coal cars, Road Nos. 80800-81199, inclusive, at \$3,020.91 each.....	1,208,364
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25 all-steel passenger coaches, Road Nos. 1014-1088, inclusive, at \$34,086.20 each.....	\$850,905
100 steel-underframe hopper-bottom phosphate cars, Road Nos. 8175-8274, inclusive, at not to exceed \$3,824.66 each.....	332,466
Total estimated cost of equipment (approximately).....	6,220,000

These estimated costs include the costs of such equipment under the manufacturers' contracts, together with additional charges for specialties, inspection, and freight; but do not include any profit of any kind either to the vendors or to the trustee hereinafter mentioned.

It is proposed that, in order to provide for payment of \$4,500,000 of such total estimated cost, Andrew P. Spamer and Clarence R. Tucker, called the vendors; the Safe Deposit & Trust Company of Baltimore, termed the trustee; and the applicant enter into an agreement, to be dated February 1, 1921, creating the Atlantic Coast Line Railroad equipment trust, series B. A copy of the agreement was filed with the application. Under the terms thereof, the vendors, upon acquiring title to and possession of the equipment from the manufacturers, will transfer and deliver the same to the trustee in trust for the equal benefit of the holders of \$4,500,000 of trust certificates to be issued by the trustee under the agreement; and thereupon the trustee will pay the vendors for the equipment.

Each certificate will be of the par value of \$1,000. Certificates of the aggregate principal amount of \$300,000 will be due and payable on the 1st day of February in each of the years from 1922 to 1936, inclusive. Attached to each certificate will be dividend warrants evidencing the right of the holder to dividends on the principal thereof at the rate of 6½ per cent per annum from February 1, 1921, to and including the designated date of maturity, payable semiannually on the 1st days of August and February.

Simultaneously with the execution of the agreement, the trustee and the applicant will enter into a lease of the equipment, to be dated February 1, 1921, a copy whereof was also filed with the application. Thereby the applicant will agree, among other things, to pay to the trustee, as rent and on account of the estimated cost of the equipment, the sum of approximately \$1,720,000 in cash and sums sufficient to pay and discharge the principal of the certificates and the dividends thereon, when and as the same shall become due and payable, and the expenses of the trust, compensation of the trustee, and taxes, as specified in the agreement and lease.

The equipment will be delivered to the applicant by the trustee upon its receipt thereof from the vendors, and will remain in the applicant's possession thereafter for the term of lease, which will continue in force until February 1, 1936, and until the applicant

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shall have paid all rent and charges as provided therein. Title to the equipment will not vest in the applicant, but will remain in the trustee, until such payment; whereupon such title will vest in the applicant, and the equipment will be transferred to it by the trustee.

The applicant expects to sell the certificates to J. P. Morgan & Company at a price which will produce not less than 94.06 per cent of the principal amount thereof, or on a $7\frac{1}{4}$ per cent basis; but the applicant has no contract to this effect.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application was given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the execution of the proposed trust agreement and lease by the applicant, and its assumption thereby of obligation or liability in respect of the trust certificates to be issued under the trust agreement, (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the applicant, the Atlantic Coast Line Railroad Company, be, and it is hereby, authorized (1) to enter into an equipment-trust agreement with Andrew P. Spamer and Clarence R. Tucker, as vendors, and the Safe Deposit & Trust Company of Baltimore, as trustee, substantially in the form submitted with the application, to be dated February 1, 1921, and under which the equipment described in such report is to be transferred to the trustee in trust for the equal benefit of the holders of \$4,500,000 of trust certificates to be issued by the trustee under the agreement, the proceeds of which shall be turned over by the trustee to the vendors in part payment for the equipment; said certificates to be in the principal amount of \$1,000 each, to be dated February 1, 1921, and to mature and be payable serially in 15 equal annual installments of

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\$300,000 each on the 1st day of February in each year from 1922 to 1936, both inclusive; and each of said certificates to have attached thereto appropriate dividend warrants evidencing the right of the holder to dividends on the principal thereof at the rate of $6\frac{1}{2}$ per cent per annum from February 1, 1921, to and including the date of maturity designated therein, payable semiannually on the 1st days of August and February; (2) to enter into a lease of the equipment with the trustee, the Safe Deposit & Trust Company of Baltimore, substantially in the form submitted with the application, to be dated February 1, 1921, and under which the applicant will have the possession and use of, and ultimately acquire title to, the equipment; and (3) in and by said agreement and lease, to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment, sums sufficient to pay and discharge the principal of said certificates and the dividends thereon, when and as the same shall become due and payable, and the expenses of the trust, compensation of the trustee and taxes, as specified in said agreement and lease: *Provided, however*, that such authority is granted upon condition (a) that said certificates be sold or otherwise disposed of at such price, not less than 94.06 per cent of par and accrued dividends, that the total cost of the issue and sale or disposition thereof shall not exceed $7\frac{1}{2}$ per cent per annum on the principal amount thereof, including in such cost the semiannual dividends, discounts, attorneys' fees, and all other expenses in connection therewith, and (b) that neither said certificates, nor any of them, nor the proceeds thereof or any of them, shall, except as authorized hereby, be sold, pledged, repledged or otherwise disposed of, or used, unless and until otherwise ordered by the Commission.

It is further ordered, That the applicant report to the Commission all pertinent facts in connection with (1) the execution of said trust agreement and lease within 10 days thereafter, and (2) the sale, or other disposition, of said certificates or of any of them, as hereby authorized, within 10 days thereafter; each such report to be in writing and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates, or dividends thereon, or any assumption of obligation or liability in respect thereof by the applicant.

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FINANCE DOCKET No. 925.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted November 3, 1920. Decided December 24, 1920.

Application granted in part, and loan of \$5,200,000 approved.

George M. Shriver for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, to provide itself with equipment and other additions and betterments. The application was amended July 13, September 9, and September 13, 1920.

The National Railway Service Corporation, a corporation of the state of Maryland, hereinafter referred to as the corporation, on September 23, 1920, recommended the making of the loan in respect of equipment through the corporation. The applicant, by resolution of its board of directors, approved such loan in respect of equipment to or through the corporation.

In its application the applicant sets forth:

1. That the amount of the loan desired is \$8,200,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with freight-train equipment and additions and betterments to way and structures to promote the movement of freight-train cars, as follows:

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Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
Equipment to be acquired through the National Railway Service Corporation:			
1,000 box cars, 60,000 pounds capacity, at \$2,529 each	\$2,529,000		
1,200 hopper cars, 100,000 pounds capacity, at \$1,919 each	2,302,800		
1,900 hopper cars, 140,000 pounds capacity, at \$2,508 each	2,500,000		
500 refrigerator cars, 80,000 pounds capacity, at \$4,095 each	2,047,500		
50 milked freight locomotives at \$38,000 each	1,900,000		
Total equipment	13,979,300	\$5,779,380	\$5,200,000
Additions and betterments to way and structures	6,086,746	3,036,746	3,000,000
Grand total	20,016,046	11,816,046	8,200,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is (a) for the loan in respect of equipment, the direct obligation of the corporation and a second lien on said equipment. Subsequently the representatives of the applicant agreed that if the loan in respect of equipment should be made to or through the corporation the applicant would indorse or guarantee the repayment of the same with interest, such indorsement or guaranty to be abated as to principal upon the payment of certain amounts applicable upon the principal of deferred lien equipment certificates, deposited as security for the loan, and (b) for the loan in respect of additions and betterments, \$5,000,000 of applicant's refunding and general mortgage series-A 5 per cent gold bonds, due 1995, and \$100,000, aggregate amount, of United States government liberty bonds and victory bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to acquire needed equipment and other additions and betterments, thus placing the applicant in a better position to meet the immediate demands of traffic upon its lines.

Said application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan be made to the applicant of \$2,007,000 for equipment and \$5,000,000 for additions and betterments to promote the movement of freight-train cars.

By our certificate No. 27, of October 1, 1920, we approved a loan to the applicant of \$3,000,000 for additions and betterments to way and structures.

In carrier contract No. 1 under equipment-trust agreement, conditional sale basis, the applicant and the corporation subsequently proposed to amend the purposes of the loan and the uses to which it will be applied as follows:

Equipment.	Estimated cost.	Financed by applicant.	Loan by United States.
947 box cars, at \$2,629 each.....	\$2,489,863	.....	.....
58 express cars, at \$3,220 each.....	171,190	.....	.....
1,200 hopper cars, at \$1,923 each.....	2,306,400	.....	.....
215 hopper cars, at \$1,941 each.....	417,815	.....	.....
1,006 hopper cars, at \$2,800 each.....	2,800,000	.....	.....
800 refrigerator cars, at \$4,070 each.....	2,035,000	.....	.....
80 mikado locomotives, at \$80,269 each.....	4,013,450	.....	.....
Total.....	14,223,018	\$0,033,018	\$5,200,000

After investigation and informal hearings we find that the making in whole of the proposed loan for equipment to the corporation, which is hereby approved in the language of the statute, as an agency for the purpose "as most appropriate in the public interest," is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor, and to meet their other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

One of the conditions, among other things, of the loan will be that the Commission may at any time examine the accounts and records of the corporation and may require the corporation to furnish the Commission with annual or special reports.

An appropriate certificate will be issued.

Certificate No. 55 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That National Railway Service Corporation, hereinafter referred to as the corporation, is hereby approved by the Commission as an organization most appropriate in the public interest to or through which loans for equipment authorized by section 210 of the transportation act, 1920, as amended, may be made for the construction and sale or lease of equipment to carriers.

2. That the making of a loan of \$5,200,000 by the United States to the corporation for the purpose of aiding the Baltimore & Ohio Railroad Company, hereinafter referred to as the applicant, in providing itself with equipment is necessary to enable the applicant properly to meet the transportation needs of the public.

3. That the prospective earning power of the applicant and the corporation and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's and the corporation's ability to repay the loan within the time fixed therefor and to meet their other obligations in connection with such loan.

4. That the amount of the loan which is to be made is \$5,200,000.

5. That the time from the making thereof within which the loan is to be repaid in full is 15 years from November 1, 1920.

6. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge with the Secretary of the Treasury, to be registered in his name, of an equivalent principal amount of deferred-lien 6 per cent equipment-trust certificates, hereinafter referred to as deferred-lien certificates, issued in respect of contract No. 1 entered into by the applicant under an equipment-trust agreement, first series, conditional-sale basis, dated November 1, 1920, executed by the corporation to the Guaranty Trust Company of New York, hereinafter referred to as the trust agreement. The deferred-lien certificates shall be substantially in the form as shown by exhibit A hereto attached¹ and shall be held subject to the provisions of subparagraph (d) of paragraph 6 hereof. Said trust agreement and said contract are in substantially the form as shown by exhibit B hereto attached.¹ Said deferred-lien certificates, which may be in temporary form, subject to substitution when definite certificates are prepared, shall be sufficiently identified and authenticated to the Secretary of the Treasury by certification thereon by the Guaranty Trust Company of New York, as trustee, that said deferred-lien certificates are of the series described in said trust agreement and are issued in respect of said contract No. 1 entered into by the applicant under said trust agreement, and said certification shall be substantially in the form shown in exhibit A hereto attached.¹

(b) The loan shall be further secured by the execution and delivery by the applicant to the Secretary of the Treasury of a guaranty agreement substantially in the form shown by exhibit C hereto attached.¹

¹ On file with the Commission but omitted from printed report.

(c) The loan shall be further secured by the pledge of 20 shares of the capital stock of the corporation, the certificate for which shall be sufficiently identified and authenticated by the signature thereon of the president of the corporation and its corporate seal, such certificate to be accompanied by and subject to the delivery to the Secretary of the Treasury of an instrument of pledge substantially in the form as shown by exhibit D hereto attached.¹ The Secretary of the Treasury, so long as said stock shall be held by him, shall exercise any or all of the rights conferred by said instrument of pledge in accordance with the direction of the Interstate Commerce Commission.

(d) All or any part of the loan may be paid before maturity. When and as any part of said loan shall be repaid, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the part of the loan repaid. All payments of principal and interest upon said deferred-lien certificates shall be credited and applied, first, upon any interest due upon said loan and thereafter upon the principal thereof.

(e) While and to the extent that deferred-lien certificates are held in pledge hereunder, the right reserved to the holders of said deferred-lien certificates under the trust agreement to authorize the investment or diversion of funds against which certain certificates of reimbursement are issued, and the right to authorize the release or substitution of collateral pledged with the trustee under said trust agreement, shall be exercised by the holder of such deferred-lien certificates pledged hereunder in accordance with the direction of the Interstate Commerce Commission.

(f) The corporation has agreed in an instrument in writing, dated the 27th day of December, 1920, filed with the Interstate Commerce Commission to the following conditions: The Interstate Commerce Commission may, at any time, examine the accounts and records of the corporation and may require the corporation to file with the Commission annual or special reports. In event the Commission shall certify to the Secretary of the Treasury that the corporation has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall at the option of the holder, become due and payable.

7. That the prospective earning power of the applicant and of the corporation, together with the character and value of the security

¹ On file with the Commission but omitted from printed report.

offered, furnishes, in the opinion of the Commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States; and

8. That the applicant and the corporation, in the opinion of the Commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 24th day of December, 1920.

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FINANCE DOCKET No. 1098.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ASSUME, AS LESSEE OF THE CINCINNATI SOUTHERN RAILWAY, OBLIGATIONS IN RESPECT OF AN ISSUE OF BONDS OF THE CITY OF CINCINNATI.

Submitted December 15, 1920. Decided December 23, 1920.

Authority granted to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying, as additional rental, the interest on not exceeding \$3,500,000 of 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cincinnati, New Orleans & Texas Pacific Railway Company, herein termed the applicant, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying the interest on not exceeding \$3,500,000 of municipal 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, and an annual sum equivalent to 1 per cent of the principal of said bonds to provide a sinking fund for their retirement at maturity on July 1, 1965.

The line of railroad of the Cincinnati Southern Railway is owned by the city of Cincinnati, Ohio, and is operated by the applicant under an agreement of lease executed October 11, 1881. By supplemental agreement of June 7, 1902, the term of this lease was extended to October 12, 1966.

The railroad crosses the Ohio River at Cincinnati by means of a bridge, which increased traffic, and heavy modern equipment have rendered inadequate for the applicant's transportation requirements. At the request of the applicant, the trustees of the Cincinnati Southern Railway secured authority from the general assembly of the state of Ohio, in an act approved April 17, 1915, for an issue of municipal

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bonds not to exceed \$2,500,000 for permanent betterments on the railroad.

Prosecution of the work was thereafter delayed by circumstances, including war conditions, causing scarcity of labor and materials, and the intervention of federal control. Eventually it became apparent that the proposed bridge could not be constructed at the cost originally estimated, and a further issue of bonds not exceeding \$1,000,000, to provide additional funds in conformity with the revised estimates, was authorized by the legislature in an act approved February 4, 1920.

Each of these statutes provides that "none of the bonds authorized by this act shall bear a greater rate of interest than 5 per centum per annum, nor be sold for less than par," and both authorize the trustees aforesaid to agree to exercise the powers therein granted on condition that the lessee company enter into an additional supplementary agreement to pay said trustees such sum annually as will equal the interest charges upon said bonds and provide a sinking fund for their redemption at maturity. The agreement required by the first act was duly signed on behalf of the applicant and by the trustees on November 16, 1915. Execution of a similar agreement with respect to the additional \$1,000,000 of said bonds has been authorized by directors and stockholders of the applicant and awaits our approval in the premises.

It appears that a contract for the superstructure of the proposed bridge was let to the American Bridge Company on June 4, 1920, but that none of the bonds have been heretofore issued. It likewise appears that the payment of 1 per cent during each year of the life of the bonds, if reinvested as are other funds under the charge of the trustees of the sinking fund of Cincinnati, will be sufficient to produce the amount necessary to pay the bonds at maturity without refunding or extension. Benefits from improved facilities furnished by the new bridge, as reflected in earning power of the applicant, will substantially offset charges against income on account of increased rental.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each state in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed assumption by the Cincinnati, New Orleans & Texas Pacific Railway Company, as lessee of the Cincinnati Southern Railway, of the aforesaid obligations in respect of not ex-

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ceeding \$3,500,000 of 5 per cent gold bonds of the city of Cincinnati, series B, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cincinnati, New Orleans & Texas Pacific Railway Company be, and it is hereby, authorized to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying (1) sums equal annually to the interest accruing upon not exceeding \$3,500,000 of 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, as may hereafter be actually issued and sold for the purpose of providing funds for permanent betterments to the applicant's line of railroad, in pursuance of authority from the general assembly of the state of Ohio contained in certain acts approved, respectively, on April 17, 1915, and February 4, 1920; said series-B bonds to bear date as of July 1, 1920, and interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of January and July of each year thereafter, to and including the date of maturity, as evidenced by interest coupons attached to each bond, to mature July 1, 1965, to be secured by a pledge of the faith of the city of Cincinnati, Ohio, and to be sold at not less than par and accrued interest, and the proceeds thereof to be immediately applied in the construction of a new railroad bridge across the Ohio River at Cincinnati, Ohio, on the applicant's line of railroad as aforesaid; (2) further sums equal to 1 per cent annually of the aggregate principal amount of said series-B bonds so actually issued and sold for said purpose, to provide a sinking fund for the redemption thereof at maturity as aforesaid; said payments of interest and sinking-fund charges to be made in equal installments on the 1st day of January and July of each year after the sale of said series-B bonds, or respective parts thereof, to and including July 1, 1965, to the trustees of the Cincinnati Southern Railway and be deposited by them with the trustees of the sinking fund of Cincinnati, Ohio, for redemption of said interest coupons, as and when payable, and for proper ad-

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ministration of the sinking fund thereby created for the payment of the principal of said series-B bonds at maturity.

It is further ordered, That the authority herein granted shall not extend to any of said series-B bonds, the proceeds of which may be applied to any purposes other than the construction of said bridge as aforesaid.

It is further ordered, That obligations of the applicant in respect of payments of interest as herein authorized shall not include any interest which may be included in the sale price of said bonds or which may have accrued prior to the sale of said bonds.

It is further ordered, That the Cincinnati, New Orleans & Texas Pacific Railway Company shall report to this Commission all pertinent facts relative to the sale of said bonds, or any part thereof, within 10 days after any such sale, and shall, for the period ending June 30, 1921, and for each six months' period thereafter, also report to the Commission all pertinent facts relative to the application of the proceeds of such bonds, or any part thereof, during the period covered, and continue to make such reports until all of such bonds have been issued and sold and all the proceeds realized from the sale thereof have been so applied, such reports to be in writing and duly verified by an executive officer of the applicant having knowledge of the contents thereof; and shall file with the Commission, as soon as they may be available, copies of plans and detailed estimates, similarly verified, sufficient accurately to identify the said bridge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said interest or sinking fund payments on the part of the United States.

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FINANCE DOCKET No. 1144.

IN THE MATTER OF THE APPLICATION OF THE BOSTON
& MAINE RAILROAD FOR AUTHORITY TO ISSUE
BONDS.

Submitted December 15, 1920. Decided December 28, 1920.

Authority granted to issue \$609,000 of applicant's mortgage bonds, series I, dated January 1, 1921, bearing interest at the rate of 7 per cent per annum, payable semiannually on the 1st day of July and January in each year, and maturing January 1, 1931, to be sold or exchanged at not less than par for the purpose of retiring \$319,000 of applicant's Boston & Lowell Railroad Corporation 3½ per cent bonds, maturing January 1, 1921, and \$290,000 of applicant's Connecticut River Railroad Company 3½ per cent bonds, maturing January 1, 1921.

Woodward Hudson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Boston & Maine Railroad, hereinafter termed the applicant, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue \$609,000 of its mortgage bonds, series I, and to sell or exchange said bonds, at not less than par for the purpose of retiring and refunding a like principal amount of bonds which mature January 1, 1921.

Applicant is a corporation formed by the consolidation of a number of connecting lines. By the terms of the consolidation agreement, dated November 26, 1918, applicant assumed all of the outstanding obligations of the Boston & Lowell Railroad Corporation and of the Connecticut River Railroad Company. Among the obligations are \$319,000 of Boston & Lowell Railroad Corporation 3½ per cent bonds, maturing January 1, 1921, and \$290,000 of Connecticut River Railroad Company 3½ per cent bonds, maturing January 1, 1921. These bonds are secured by the mortgage under which applicant proposes to issue the bonds for which application is herein made.

It is now proposed to issue \$609,000 of applicant's mortgage bonds under the terms of and secured by the mortgage indenture of the Boston & Maine Railroad to the Old Colony Trust Company and
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S. Parkman Shaw, jr., trustees, dated December 1, 1919. These bonds will be known as Boston & Maine Railroad mortgage bonds, series I, will be dated January 1, 1921, will bear interest at the rate of 7 per cent per annum, payable semiannually on the 1st days of July and January in each year, and will mature on January 1, 1931. Said bonds are to be issued in temporary form until such time as definitive bonds can be prepared. Applicant expects to dispose of said bonds at par, either exchanging them dollar for dollar for the bonds to be retired, or selling them for the purpose of securing funds to meet the payment of bonds as they are presented for retirement. Applicant submits that there are no contracts, underwritings, or other arrangements, made or proposed in connection with the issue, and the only expenses involved will be those incidental to getting into touch with holders of maturing bonds and in effecting exchange of definitive bonds for temporary bonds.

The application was made under oath, signed, and filed on behalf of the carrier by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the carrier operates, as required by section 20a of the interstate commerce act. The Public Service Commission, Second District, State of New York, and Department of Public Utilities, Commonwealth of Massachusetts, have expressly approved the issue of said bonds. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of \$609,000 of said mortgage bonds by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having on the date hereof, made and filed a report containing its findings of fact and conclusion thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Boston & Maine Railroad be, and it is hereby, authorized (1) to issue as of the date of January 1, 1921, \$609,000 of bonds to be designated as series I; said bonds to be issued under and pursuant to, and secured by, the mortgage dated December 1, 1919, made by the Boston & Maine Railroad to the Old Colony Trust Company and S. Parkman Shaw, Jr.; said bonds to be registerable as pro-

vided in said mortgage, and to be in the forms submitted with the application, to bear interest at the rate of 7 per cent per annum, payable semiannually on the 1st day of July and the 1st day of January of each year, and the principal thereof to be payable January 1, 1931; and (2) to sell or dispose of said bonds at par for the purpose of purchasing, paying, retiring, or refunding \$319,000 of applicant's Boston & Lowell Railroad Corporation $3\frac{1}{2}$ per cent bonds, maturing January 1, 1921, and \$290,000 of applicant's Connecticut River Railroad Company $3\frac{1}{2}$ per cent bonds, maturing January 1, 1921.

It is further ordered, That as and when said bonds which are to mature January 1, 1921, are retired they shall be canceled by applicant, and shall not be reissued.

It is further ordered, That the bonds herein authorized to be issued, shall not, until otherwise ordered by the Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant except as authorized in this order.

It is further ordered, That said applicant shall furnish to the Commission periodical statements showing all pertinent facts in connection with the issue of said \$609,000 of series-I bonds, and the use of said bonds or the proceeds thereof, for the purpose herein authorized, the first statement to be made 60 days after date of this order, and subsequent statements to be made every 60 days thereafter until all of said bonds shall have been issued and used, or the proceeds thereof used.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said series-I bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 80.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND GENERAL MORTGAGE BONDS AND TO ISSUE AND PLEDGE OTHER BONDS; AND THE INTERVENING PETITIONS OF SUBSIDIARIES FOR AUTHORITY TO ISSUE AND DELIVER BONDS.

Submitted September 29, 1920. Decided December 29, 1920.

1. Authority granted the Baltimore & Ohio Railroad Company (1) to nominally issue and hold in its treasury \$7,586,000 of its refunding and general mortgage bonds, series B; (2) to issue and pledge \$362,000 of its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds as additional collateral security to its refunding and general mortgage bonds, series B; and (3) to issue and pledge \$1,000 of its Pittsburgh Junction & Middle Division first-mortgage 3½ per cent gold bonds as additional collateral security for its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds.
2. Authority granted respectively to the subsidiaries of the Baltimore & Ohio Railroad Company, herein named, to issue and deliver their bonds to the Baltimore & Ohio Railroad Company's nominees, in payment for additions, improvements, and betterments, in the respective amounts stated; namely, Schuylkill River East Side Railroad Company, \$411,500; Baltimore & Philadelphia Railroad Company, \$231,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$1,764,000; Wheeling, Pittsburgh & Baltimore Railroad Company, \$34,000; Fairmont, Morgantown & Pittsburgh Railroad Company, \$526,000; Pittsburg & Western Railroad Company, \$50,500; Pittsburgh Junction Railroad Company, \$456,000; Washington County Railroad Company, \$500; Baltimore & Ohio & Chicago Railroad Company, \$192,500; Baltimore & Ohio Southwestern Railroad Company, \$145,500.

H. R. Preston for applicant and subsidiaries.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act (1) to nominally issue and hold in its treasury, until authorized by us to dispose thereof, \$7,586,000 of its refunding and general mortgage bonds, series B; (2) to issue and pledge with the trustee under its refunding and

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general mortgage \$362,000, of its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds; and, (3) to issue and pledge with the trustee under its Pittsburgh, Lake Erie & West Virginia system refunding mortgage, \$1,000 of its Pittsburgh Junction & Middle Division first-mortgage $3\frac{1}{2}$ per cent gold bonds.

The entire addition to outstanding securities is the \$7,586,000 of refunding and general mortgage bonds, series B, for which authority is sought, all other bonds proposed being primarily or secondarily collateral thereto.

The \$362,000 of Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds above referred to are to reimburse the treasury of applicant for expenditures which have been made by it in the retirement of underlying bonds which have matured. Of this amount \$361,000 was expended in retiring the same amount of bonds of the Ravenswood, Spencer & Glenville Railway Company. The property covered by the mortgage securing these retired bonds is now subject successively to applicant's Pittsburgh, Lake Erie & West Virginia system refunding mortgage and to its refunding and general mortgage. Under the terms of those mortgages applicant's refunding and general mortgage bonds, series B, are to be issued in refundment of the underlying bonds so retired, and its Pittsburgh, Lake Erie & West Virginia system 4 per cent gold bonds are to be pledged as additional collateral security to its refunding and general mortgage bonds, series B, when so issued in refundment. The further amount of \$1,000 was expended in retirement of a \$1,000 bond of the Sandusky, Mansfield & Newark Railroad Company. The property covered by the mortgage securing that retired bond is now subject successively to applicant's Pittsburgh & Middle Division first mortgage, to its Pittsburgh, Lake Erie & West Virginia system refunding mortgage, and to its refunding and general mortgage. Under the terms of those mortgages applicant's refunding and general mortgage bonds, series B, are to be issued in refundment of the underlying bond retired, and its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds are to be pledged as additional collateral security to its refunding and general mortgage bonds, series B, when so issued in refundment, and its Pittsburgh & Middle Division first-mortgage $3\frac{1}{2}$ per cent gold bonds are to be pledged as additional collateral security to its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds, when so pledged. The \$362,000 of Pittsburgh, Lake Erie & West Virginia bonds proposed are subsidiary and not in addition to the \$7,586,000 refunding and general mortgage bonds, series B. The \$1,000 Pittsburgh & Middle Division bond to be issued as collateral to the Pittsburgh, Lake Erie & West Virginia bond is sub-

subsidiary and not in addition to the \$362,000 of the Pittsburgh, Lake Erie & West Virginia bonds referred to.

For the purpose of affording additional collateral security to its refunding and general mortgage bonds, series B, and the bonds issued under its mortgages prior thereto, as recited in its refunding and general mortgage, and as provided in the underlying mortgages of its subsidiary companies, applicant also seeks, on behalf of these subsidiary companies, hereinafter called the subsidiaries, each of which is a common carrier by railroad engaged in interstate commerce, authority, for each respectively, to issue and deliver its bonds to applicant's nominee in accordance with the terms of the mortgage securing them. Each of the subsidiaries also, by intervening petition, applies for authority under section 20a of the interstate commerce act to issue bonds in the respective amounts hereinafter stated, to be delivered at their face amount to applicant's nominee, in recoupment of advances made by applicant to the subsidiaries respectively, for additions, extensions, and betterments to their railroad properties. The names of the subsidiaries and the amounts of bonds to issue which authority is respectively sought by each are: Schuylkill River East Side Railroad Company, \$411,500; Baltimore & Philadelphia Railroad Company, \$281,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$1,764,000; Wheeling, Pittsburgh & Baltimore Railroad Company, \$34,000; Fairmont, Morgantown & Pittsburg Railroad Company, \$526,000; Pittsburg & Western Railroad Company, \$50,500; Pittsburgh Junction Railroad Company, \$456,000; Washington County Railroad Company, \$500; Baltimore & Ohio & Chicago Railroad Company, \$192,500; and Baltimore & Ohio Southwestern Railroad Company, \$145,500.

The subsidiaries are all operated by applicant, which controls them by stock ownership. They are financed with refunding and general mortgages, or improvement mortgages, under the terms of which bonds may be issued for additions, improvements, and betterments. In practice applicant makes these capital expenditures upon the properties of the subsidiaries, and underlying bonds of the subsidiaries are delivered to applicant's nominee in reimbursement of such expenditures. Applicant's refunding and general mortgage provides that additional bonds may be issued to reimburse its treasury for subsequent expenditures for additions, improvements, and betterments, and when such expenditures are made on the properties of subsidiaries, that the bonds issued by the subsidiaries in payment therefor shall be pledged with the trustees under said mortgage or with the trustees under prior mortgages recited therein and as provided by the underlying mortgages, thus transmuting the security of the

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underlying mortgages to the bonds issued under the now outstanding mortgages of the parent company.

The aggregate amount of underlying bonds proposed to be issued by the subsidiaries is \$3,812,000, which is represented by expenditures by them severally charged to investment in road and equipment under our classification of accounts, such charges in each case exceeding the amount of bonds to be issued. These bonds are subsidiary and not in addition to the \$7,586,000 of bonds which applicant seeks authority to issue. Of that amount, in addition to the \$3,812,000 covered by the above-mentioned underlying bonds of the subsidiaries, \$52,000 is for bonds executed and in the hands of the trustee, but not delivered prior to June 28, 1920, and \$362,000 is for refundment of underlying bonds which have been retired, leaving \$3,360,000 to capitalize charges to investment in road and equipment by applicant on its own property, for or on account of which bonds have not heretofore been issued. Such charges are in excess of the amount of bonds to be issued against them.

The application and each intervening petition was made under oath, signed, and filed on behalf of the applicant and the interveners, respectively, by an executive officer duly designated for that purpose. Notice of the filing of the application has been given to, and a copy filed with, the governor of each of the states in which applicant or the interveners operate. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record, we are of opinion and find: That the proposed nominal issue by the applicant, the Baltimore & Ohio Railroad Company, of \$7,586,000 of its refunding and general mortgage bonds, series B, to be held in its treasury until disposition is authorized by us; the proposed issue by applicant of \$362,000 of its Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds to be pledged with the trustee under applicant's refunding and general mortgage; the proposed issue by applicant of \$1,000 of its Pittsburgh Junction & Middle Division first-mortgage 3½ per cent gold bonds, to be pledged with the trustee under applicant's Pittsburgh, Lake Erie & West Virginia system refunding mortgage; and the proposed issue by the subsidiaries of their refunding and general mortgage bonds or improvement mortgage bonds, as the case may be, to be delivered to applicant's nominee in recoupment of advances made by applicant, in amounts respectively as follows: Schuylkill River East Side Railroad Company, \$411,500; Baltimore & Philadelphia Railroad Company, \$231,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$1,764,000; Wheeling, Pittsburgh & Baltimore Railroad Company, \$34,000; Fairmont, Morgantown & Pittsburg Railroad Company, \$526,000; Pittsburg & 65 L. C. C.

Western Railroad Company, \$50,500; Pittsburgh Junction Railroad Company, \$456,000; Washington County Railroad Company, \$500; Baltimore & Ohio & Chicago Railroad Company, \$192,500; and Baltimore & Ohio Southwestern Railroad Company, \$145,500: (a) are for lawful objects within the corporate purposes of the applicant and the subsidiaries, respectively, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it and by each of the subsidiaries of service to the public as a common carrier, and which will not impair the ability of any of them to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to nominally issue, for the purpose of reimbursing its treasury for expenditures on additions, improvements, and betterments, and in the retirement of underlying bonds, not to exceed \$7,586,000 of its refunding and general mortgage bonds, series B, subject to and in accordance with the terms and conditions of its refunding and general mortgage dated December 1, 1915, to the Central Trust Company of New York (now the Central Union Trust Company of New York) and James N. Wallace, trustees, said bonds to mature December 1, 1995, to bear interest payable semi-annually on the 1st day of February and August in each year, at the rate of 6 per cent per annum, and to be redeemable on or after June 1, 1925, at a premium of 5 per cent of par value thereof, and when so issued to be held in the treasury of the Baltimore & Ohio Railroad Company.

It is further ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to issue not to exceed \$362,000 of its Pittsburgh, Lake Erie & West Virginia system refunding mortgage 4 per cent gold bonds, subject to and in accordance with the terms and conditions of its Pittsburgh, Lake Erie & West Virginia system refunding mortgage dated November 1, 1901, to the Union Trust Company of New York (now Central Union Trust Company of New York), said bonds to mature November 1, 1941, to bear interest payable semiannually on the 1st day of May and November in each year, at the rate of 4 per cent per annum, and to be redeem-

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able at par on or after June 1, 1925, and when so issued to pledge said bonds with the Central Union Trust Company of New York and James N. Wallace, trustees under its refunding and general mortgage dated December 1, 1915, as additional collateral security to its refunding and general mortgage bonds.

It is further ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to issue not to exceed \$1,000 of its Pittsburgh Junction & Middle Division first-mortgage bonds, subject to and in accordance with the terms and conditions of its Pittsburgh Junction & Middle Division first mortgage, dated November 1, 1898, to the Central Trust Company of New York (now the Central Union Trust Company of New York), said bonds to mature November 1, 1925, to bear interest payable semiannually on the 1st day of May and November in each year, at the rate of 8½ per cent per annum, and when so issued, to pledge said bonds with the Central Union Trust Company of New York, trustee under its Pittsburgh, Lake Erie & West Virginia system refunding mortgage, as additional collateral security to its Pittsburgh, Lake Erie & West Virginia system refunding mortgage 4 per cent gold bonds.

It is further ordered, That the Schuylkill River East Side Railroad Company be, and it is hereby, authorized to issue not to exceed \$411,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated December 10, 1915, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1965, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent and when so issued, to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's first mortgage, securing 4½ per cent terminal gold bonds, dated June 30, 1894, to the United States Trust Company of New York and John A. Stewart, trustees, under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees, under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Baltimore & Philadelphia Railroad Company be, and it is hereby authorized to issue not to ex-

ceed \$231,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the United States Trust Company of New York and John A. Stewart, trustees, under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees, under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Baltimore & Ohio Railroad Company in Pennsylvania be, and it is hereby, authorized to issue not to exceed \$1,764,000 of its improvement-mortgage bonds, subject to and in accordance with the terms and conditions of its improvement mortgage, dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Wheeling, Pittsburgh & Baltimore Railroad Company be, and it is hereby, authorized to issue not to exceed \$34,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest, payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Rail-

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road Company, as provided in said mortgage to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Fairmont, Morgantown & Pittsburg Railroad Company be, and it is hereby, authorized to issue not to exceed \$526,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent and when so issued, to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Pittsburg & Western Railroad Company be, and it is hereby, authorized to issue not to exceed \$50,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh, Lake Erie & West Virginia system refunding mortgage, dated November 1, 1901, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance

ceed \$231,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the United States Trust Company of New York and John A. Stewart, trustees, under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees, under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Baltimore & Ohio Railroad Company in Pennsylvania be, and it is hereby, authorized to issue not to exceed \$1,764,000 of its improvement-mortgage bonds, subject to and in accordance with the terms and conditions of its improvement mortgage, dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Wheeling, Pittsburgh & Baltimore Railroad Company be, and it is hereby, authorized to issue not to exceed \$34,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest, payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Rail-

road Company, as provided in said mortgage to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Fairmont, Morgantown & Pittsburg Railroad Company be, and it is hereby, authorized to issue not to exceed \$526,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent and when so issued, to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Pittsburg & Western Railroad Company be, and it is hereby, authorized to issue not to exceed \$50,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh, Lake Erie & West Virginia system refunding mortgage, dated November 1, 1901, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance

with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Pittsburgh Junction Railroad Company be, and it is hereby, authorized to issue not to exceed \$456,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh, Lake Erie & West Virginia system refunding mortgage, dated November 1, 1901; to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh Junction & Middle Division first mortgage, dated November 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Washington County Railroad Company be, and it is hereby, authorized to issue not to exceed \$500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated February 1, 1917, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898; and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Baltimore & Ohio & Chicago Railroad Company be, and it is hereby, authorized to issue not to ex-

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ceed \$192,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated December 1, 1916, to the Girard Trust Company and William N. Ely, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December in each year at the rate of 5 per cent, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage to the United States Trust Company and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the Baltimore & Ohio Southwestern Railroad Company be, and it is hereby, authorized to issue not to exceed \$145,500 of its improvement mortgage bonds, subject to and in accordance with the terms and conditions of its improvement mortgage dated May 1, 1917, to the Girard Trust Company and William N. Ely, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of May and December in each year at the rate of 5 per cent, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Farmers' Loan & Trust Company, trustee under the Baltimore & Ohio Railroad Company's southwestern division first mortgage, dated January 1, 1899, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear in accordance with the terms and conditions of the mortgage under which said bonds are to be issued.

It is further ordered, That the bonds herein authorized to be issued shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the Baltimore & Ohio Railroad Company shall make report to us of the nominal issue of said refunding and general mortgage bonds, series B, of the issue and pledge of said Pittsburgh, Lake Erie & West Virginia system refunding 4 per cent gold bonds, and of the issue and pledge of said Pittsburgh Junction & Middle Division first-mortgage 3½ per cent gold bonds,

as herein authorized, within 10 days after the same or any of them shall have been so nominally issued, or issued and pledged, and of the payment, redemption, discharge, or release from pledge, respectively, of the same, within 10 days after they, or any of them, shall have been so paid, redeemed, discharged, or released; and that the Schuylkill River East Side Railroad Company; the Baltimore & Philadelphia Railroad Company; the Baltimore & Ohio Railroad Company in Pennsylvania; the Wheeling, Pittsburgh & Baltimore Railroad Company; the Fairmont, Morgantown & Pittsburg Railroad Company; the Pittsburg & Western Railroad Company; the Pittsburgh Junction Railroad Company; the Washington County Railroad Company; the Baltimore & Ohio & Chicago Railroad Company; and the Baltimore & Ohio Southwestern Railroad Company shall each make report to the Commission of the issue and delivery of the bonds to be issued and delivered by each of them as herein authorized, within 10 days after the same or any of them shall have been so issued and delivered, and of the payment, redemption, discharge, or release from pledge, respectively, of the same, within 10 days after they, or any of them, shall have been so paid, redeemed, discharged, and released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said bonds, or interest thereon.

65 I. C. C.

FINANCE DOCKET No. 92.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ISSUE CONDITIONAL-SALE PURCHASE NOTES, TO GUARANTEE AN OBLIGATION OF THE NATIONAL RAILWAY SERVICE CORPORATION, AND TO PLEDGE REFUNDING AND GENERAL MORTGAGE BONDS.

Submitted October 8, 1920. Decided December 29, 1920.

Authority granted (1) to issue conditional-sale purchase notes in conditional purchase of equipment under the terms of a contract entered into pursuant to the National Railway Service Corporation's equipment trust, first series; conditional-sale basis; (2) to assume liability as guarantor in respect of an obligation of the National Railway Service Corporation to the United States for a loan on account of said equipment; and (3) to pledge \$3,250,000 of refunding and general mortgage bonds, series B, as security in part for the performance of obligations under said equipment trust.

R. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad, engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$20,570,629.30 of its conditional-sale purchase notes pursuant to a certain contract for the conditional purchase of equipment, entered into by and between the National Railway Service Corporation, the Guaranty Trust Company of New York, and the applicant, known as carrier contract No. 1, to be executed in accordance with the terms of the equipment trust, first series, conditional-sale basis, of the National Railway Service Corporation, herein termed the service corporation; (2) to execute a contract of guaranty in respect to an obligation to the United States of the service corporation in the principal amount of \$5,200,000; and (3) to pledge \$3,250,000 of applicant's refunding and general mortgage bonds, series B, with the Guaranty Trust Company of New York, trustee, as security for the performance by applicant of its obligations under said carrier contract and said equipment trust.

As specified in our certificate No. 55, dated December 24, 1920, we have heretofore approved the service corporation as an agency or
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organization, in the language of the statute, "most appropriate in the public interest" to or through which loans for equipment authorized by section 210 of the transportation act, 1920, as amended, may be made for the construction and sale or lease of equipment to carriers, and we have also approved the making of a loan under said section 210 of \$5,200,000 by the United States to the service corporation for the purpose of aiding the applicant in providing itself with equipment necessary to enable it properly to meet the transportation needs of the public.

The loan of \$5,200,000 is to be made available for the use of the applicant in the purchase of equipment through said equipment trust, and in addition the service corporation will procure money from other sources which will also be available for the use of the applicant in the purchase of such equipment. The conditional-sale purchase notes will evidence the obligation of the applicant to pay for the equipment thus made available through said equipment trust; the \$3,250,000 of applicant's refunding and general mortgage bonds, series B, are to be pledged with the Guaranty Trust Company of New York, trustee, as security for the performance by applicant of its obligations under said carrier contract and said equipment trust; and the contract of guaranty will be executed by the applicant in respect of the obligation of the service corporation to the United States in the sum of \$5,200,000, in accordance with the requirements of our said certificate No. 55.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and delivery of said conditional-sale purchase notes pursuant to said carrier contract, the proposed pledge of said refunding and general mortgage bonds, series B, with the Guaranty Trust Company of New York, as trustee, and the proposed execution of said contract of guaranty of the obligation of the service corporation, (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and make a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized (1) to issue and deliver to the Guaranty Trust Company of New York, trustee, not to exceed \$20,570,629.30 of its conditional-sale purchase notes pursuant to a contract between the National Railway Service Corporation, the Guaranty Trust Company of New York, and the Baltimore & Ohio Railroad Company, dated November 1, 1920, known as a carrier contract No. 1, executed pursuant to the terms of the National Railway Service Corporation's equipment trust, first series, conditional-sale basis, dated November 1, 1920, said notes to be issued and to be payable on dates required by said carrier contract No. 1 and to be substantially in form submitted with the application; said \$20,570,629.30, the principal amount of the notes, being equal to the aggregate of \$13,000,000 of trust certificates, \$6,649,500 interest on said certificates, and \$921,129.30 for the contingent fund, as provided in said carrier contract No. 1 and in said trust agreement; (2) to pledge with the Guaranty Trust Company of New York, trustee, not to exceed \$3,250,000 of its refunding and general mortgage bonds, series B, held unencumbered in its treasury, as security for the performance of its obligations under said carrier contract and said equipment trust; and (3) to execute a contract of guaranty in respect of an obligation of the National Railway Service Corporation to the United States in the principal amount of \$5,200,000 for a loan under section 210 of the transportation act, 1920, as amended, said contract of guaranty to be substantially in the form shown by exhibit C, attached to the Commission's certificate No. 55, dated December 24, 1920.

It is further ordered, That said conditional-sale purchase notes, herein authorized to be issued, and said refunding and general mortgage bonds, series B, herein authorized to be pledged, shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of by the applicant except as authorized in this order.

It is further ordered, That the applicant shall make report to this Commission of the issue of conditional-sale purchase notes, of the guaranty of said obligation of National Railway Service Corporation, and of the pledge of bonds, as herein authorized, within 10

days after the same or any of them shall have been so issued, guaranteed, or pledged, and of the payment, discharge, or release from pledge, respectively, of the same within 10 days after they or any of them shall have been so paid, discharged, or released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said conditional-sale purchase notes or interest thereon, or as to said contract of guaranty of said obligation of National Railway Service Corporation, or as to any of said bonds, or interest thereon.

65 I. C. C.

FINANCE DOCKET No. 1102.

IN THE MATTER OF THE APPLICATION OF THE CAROLINA, CLINCHFIELD & OHIO RAILWAY FOR AUTHORITY TO ISSUE CUMULATIVE INCOME DEBENTURES.

Submitted November 20, 1920. Decided December 29, 1920.

Authority granted to issue \$5,000,000 of 15-year 6 per cent cumulative income debentures, under a certain agreement.

Edward C. Bailly for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Carolina, Clinchfield & Ohio Railway, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$5,000,000 of 15-year 6 per cent cumulative income debentures, under and pursuant to a proposed agreement between the applicant and the New York Trust Company, as trustee.

The debentures are to be dated July 1, 1920, and payable July 1, 1935, with interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of January and the 1st day of July in each year when and as earned and when and as declared by the board of directors of the applicant. The applicant has arranged for the sale at par of \$4,124,000 of the said debentures to a syndicate of its stockholders and for the sale to Blair & Company, Incorporated, at par and accrued interest, of whatever part of the said \$5,000,000 of debentures is not purchased by others. The proceeds of such sales are to be applied to the payment or discharge of outstanding short-term notes and acceptances of the applicant in the amount of \$4,124,000 and such other current indebtedness as may be met by the remainder of such proceeds, all before January 1, 1921.

In granting the applicant's request for loans under section 210 of the transportation act, 1920, as amended, in the amounts of \$2,000,000 and \$1,000,000, respectively (certificate No. 4 and certificate No. 28, finance docket No. 931), we required the applicant to execute two agreements dated June 28, 1920, and October 6, 1920, respectively, whereby it became obligated to issue not less than \$5,000,000 of 6 per cent cumulative income debentures and to sell the same at not less than par for the purpose of paying or discharg-

ing the above-mentioned indebtedness. The present application and the proposed trust agreement between the applicant and the New York Trust Company are in accordance with said agreements with the United States. The proposed trust agreement, however, contains the following provision (page 15) which should be eliminated: "Nothing herein contained shall prevent the payment of interest otherwise than from net earnings and surplus if the company shall so desire." This seems to be in conflict with other provisions of the trust agreement and with the proposed form of debenture. Our order will provide that the interest is only to be paid out of net earnings or surplus.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of debentures by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Carolina, Clinchfield & Ohio Railway be, and it is hereby, authorized to issue \$5,000,000 of its cumulative income debentures, to be dated July 1, 1920, to mature July 1, 1935, to bear interest at the rate of 6 per cent per annum, payable semi-annually on the 1st day of January and the 1st day of July in each year if, when, and as earned and when and as declared by the applicant's board of directors out of net earnings or surplus of the applicant, to be registrable as to principal, to be redeemable at par as a whole or in part on any interest payment date, and to be issued under and pursuant to an agreement dated July 1, 1920, between the applicant and the New York Trust Company, as trustee; said debentures to be sold at not less than par and without cost to the

applicant, and the proceeds thereof to be applied (1) to the payment, discharge, and cancellation of the applicant's short-term notes and acceptances maturing on demand or within the current calendar year in the aggregate amount of \$4,124,000, a list of which is filed with the application, and (2) to the payment and discharge of such other current indebtedness as may be met by the balance of the proceeds of such sale, all before January 1, 1921.

It is further ordered, That the applicant shall file with this Commission a certified copy of said agreement with the New York Trust Company within 10 days after the execution and delivery thereof; and shall report to the Commission all pertinent facts relating to the issue, sale, and application of the proceeds of said debentures within 10 days after the sale of all or any part thereof; such reports to be made in writing and properly verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said debentures, or interest thereon, on the part of the United States.

65 L. C. C.

FINANCE DOCKET No. 942.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted December 24, 1920. Decided December 29, 1920.

Application granted in part and loan of \$115,000 approved.

H. R. Kurrie for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Chicago, Indianapolis & Louisville Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in providing itself with new equipment and additions and betterments to way and structures. July 22, September 8, and December 24, 1920, the applicant amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$315,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment and additions and betterments to way and structures, as hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
New equipment: 5 mikado freight locomotives.....	\$340,000	\$225,000	\$115,000
Additions and betterments to way and structures: To erect a modern steel-car shop at La Fayette, Ind.....	200,000	.....	200,000
Grand total.....	540,000	225,000	\$115,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

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5. That the securities offered are applicant's first and general mortgage 50-year 5 per cent gold bonds, due May 1, 1966, and a second lien upon the equipment.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide itself with the necessary equipment and adequate shop facilities properly to serve the public, especially in the transportation of coal and manufactures.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan be made to the applicant of \$500,000, apportioned \$200,000 for additions and betterments and \$300,000 for equipment.

The matter of a loan to the applicant in respect of additions and betterments to way and structures was made the subject of our certificate No. 36, October 19, 1920, to the Secretary of the Treasury.

After investigation we find that the making of the proposed loan for equipment by the United States; for the purpose and in the amount hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and character and value of the security offered afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purpose from other source.

An appropriate certificate will be issued.

Certificate No. 63 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$115,000 by the United States to the Chicago, Indianapolis & Louisville Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additional motive power is necessary I. C. C.

essary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$115,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$163,000, principal amount, of applicant's first and general mortgage 50-year 5 per cent series-A gold bonds, due May 1, 1966, issued under an indenture of mortgage dated May 1, 1916, executed by the applicant to the Guaranty Trust Company of New York and William L. Taylor, trustees. Said bonds are in definitive coupon form, having coupon due May 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered from 5662 to 5824, inclusive.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security, and the Secretary of the Treasury shall not, prior to default upon the obligation evidencing the loan, collect upon the coupons of said bonds, but shall surrender such coupons to the applicant as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 10th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United

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States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 18th day of January, 1921.

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FINANCE DOCKET No. 1044.

IN THE MATTER OF THE APPLICATION OF THE
WATERLOO, CEDAR FALLS & NORTHERN RAILWAY
COMPANY FOR A LOAN FROM THE UNITED STATES
TO AID IN MEETING MATURING INDEBTEDNESS.

Submitted December 16, 1920. Decided December 30, 1920.

Application granted and loan of \$60,000 approved.

L. S. Cass for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Waterloo, Cedar Falls & Northern Railway Company, a carrier by railroad subject to the interstate commerce act, herein-after referred to as the applicant, on December 1, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant, among other things, in meeting its maturing indebtedness. December 16, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired for immediate consideration is \$60,000.
2. That the term for which the loan is desired is one year.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting the maturity of interest, January 1, 1921, upon its first-mortgage 30-year 5 per cent gold bonds, due 1940, as hereinbelow is set forth: Amount of interest, \$144,325; financed by applicant, \$84,325; loan from United States, \$60,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is general-mortgage 30-year 6 per cent gold bonds, due 1950.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing indebtedness, thus enabling it to maintain its credit and properly to serve the transportation needs of the public.

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The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

And appropriate certificate will be issued.

COMMISSIONER DANIELS dissents.

Certificate No. 57 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$60,000 by the United States to the Waterloo, Cedar Falls & Northern Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$60,000.

4. That the time from the making thereof within which the loan is to be repaid in full is one year.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

- (a) The loan shall be secured by the pledge of \$75,000, principal amount, of applicant's general-mortgage 30-year 6 per cent gold

bonds, due 1950, issued under an indenture of mortgage or deed of trust, dated May 1, 1920, executed by the applicant to the First Trust & Savings Bank and Melvin A. Traylor, as trustees. Said bonds are in temporary form, exchangeable for definitive coupon bonds substantially identical in tenor and in denomination of \$1,000, when prepared. Said temporary bonds are in denominations, aggregate principal amounts, and are numbered as follows:

Bond numbers.	Denomination.	Principal amount.
90 -----	\$50, 000	\$50, 000
86 and 87 -----	10, 000	20, 000
17 to 21, inclusive -----	1, 000	5, 000
Total -----		75, 000

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security. The Secretary of the Treasury shall not, prior to default on the obligation evidencing the loan, collect upon the interest-bearing coupons of said bonds, but shall surrender such coupons to the applicant as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 30th day of December, 1920.

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FINANCE DOCKET No. 1101.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF ITS FIRST-LIEN AND IMPROVEMENT MORTGAGE BONDS, AND TO PLEDGE SAID BONDS AS PART SECURITY FOR A LOAN FROM THE UNITED STATES.

Submitted December 13, 1920. Decided December 31, 1920.

Authority granted to procure the authentication and delivery by the corporate trustee of \$2,502,000 of the applicant's first-lien and improvement 20-year 5 per cent mortgage bonds, series A, and to pledge \$2,206,000 of this amount, together with \$1,553,000 of said bonds now held in applicant's treasury, as part security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

A. O. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to procure the authentication and delivery by the corporate trustee of \$2,699,000 of its first-lien and improvement 20-year 5 per cent mortgage bonds, series A, hereinafter sometimes termed first-lien bonds, and to pledge \$2,206,000 of them, together with \$1,553,000 of said first-lien bonds now held in its treasury, with the Secretary of the Treasury as part security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

Applicant states that it now holds in its treasury first-lien and improvement 20-year 5 per cent mortgage bonds, series A, in the aggregate principal amount of \$1,553,000. Under the terms of an indenture of mortgage and deed of trust dated December 1, 1910, between the applicant and the United States Mortgage Company of New York and William H. White, trustees, a copy of which is filed in this proceeding, applicant is presently entitled to have authenticated and delivered to it by the corporate trustee \$2,502,000 of said

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first-lien bonds in reimbursement of certain expenditures made from its treasury for additions and betterments to the extent of \$2,500,000; and for retiring bonds of the Kineon Coal Company aggregating \$2,000.

After pledging \$3,759,000 of these bonds there will be \$296,000 in applicant's treasury.

The application is made in such form and contains such matters as were prescribed. It was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates, as required by section 20a. No objection to the granting of the application has been offered by any state authority.

Upon consideration of the record we find that the pledge to the Secretary of the Treasury of applicant's first-lien and improvement 20-year 5 per cent mortgage bonds, series A, and the authentication and delivery by the corporate trustee of \$2,502,000 (*a*) is for a lawful object within applicant's corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chesapeake & Ohio Railway Company be, and it is hereby, authorized to procure the authentication and delivery by corporate trustee of \$2,502,000 of the applicant's first-lien and improvement 20-year 5 per cent mortgage bonds, series A, and to pledge \$2,206,000 thereof, together with \$1,553,000 of said bonds now held in its treasury, with the Secretary of the Treasury as part security for a loan from the United States of \$3,759,000, under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the said bonds shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise

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disposed of by the applicant until otherwise ordered by this Commission.

It is further ordered, That the applicant shall notify the Commission in writing within 10 days after the pledge of said bonds of all pertinent facts relating thereto and again report in writing within 10 days after the withdrawal of any or all of said bonds from such pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1118.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE DEVELOPMENT AND GENERAL MORTGAGE BONDS, AND TO PLEDGE THEM AS SECURITY IN PART FOR A LOAN FROM THE UNITED STATES.

Submitted November 30, 1920. Decided December 31, 1920.

1. Authority granted (1) to issue \$5,900,000, of development and general mortgage 4 per cent bonds, series A; and (2) to pledge the same with the Secretary of the Treasury as security in part for a loan of \$3,825,000 from the United States under section 210 of the transportation act, 1920, as amended.
2. Terms and conditions prescribed.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Southern Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$5,900,000 of its development and general mortgage 4 per cent bonds, series A, due April 1, 1956, and to pledge the same with the Secretary of the Treasury as security in part for a loan of \$3,825,000 from the United States to the applicant under section 210 of the transportation act, 1920, as amended, which we have previously approved, for the purpose of aiding the applicant in providing itself with new freight-train equipment.

By the provisions of the applicant's development and general mortgage dated April 18, 1906, to the Standard Trust Company of New York (now the Guaranty Trust Company of New York), the issue of \$200,000,000 of bonds was authorized. Under the provisions of section 8 of article 1 thereof, bonds in not exceeding the aggregate amount of \$5,000,000 in each calendar year may be certified and delivered by the trustee for and in respect of construction or acquisitions of the character specified therein. It appears that during the period from June 30, 1917, to December 31, 1917, the applicant has made expenditures, aggregating \$5,156,948.49, which includes \$278,529.18 previously expended for such construction and

65 I. C. C.

acquisitions which have not been capitalized. Authority is sought to issue bonds in the aggregate amount of \$5,000,000, for the calendar year 1920, in respect of part of those expenditures.

By section 5 of article 1 of the mortgage, bonds aggregating \$18,008,000, were reserved for the purpose of providing for the payment and redemption of certain equipment-trust obligations and their deposit with the trustee. Of the bonds so reserved, \$1,125,000 remained unissued. The applicant represents that it has paid equipment obligations under its equipment trust, series L, which was established by an agreement dated February 2, 1906, between Edward T. Stotesbury, the Fidelity Trust Company of Philadelphia, and the applicant, as follows:

Jan. 31, 1919.....	\$300,000
July 31, 1919.....	800,000
Jan. 31, 1920.....	300,000
July 31, 1920.....	300,000

According to said section 5 of article 1, the applicant is entitled to have certified and delivered to it by the trustee an amount of bonds equivalent to 75 per cent of the equipment obligations so paid.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find the proposed issue by the applicant of \$5,000,000 of its development and general mortgage 4 per cent bonds, series A, in respect to a like amount of expenditures for construction and acquisitions, made by it during the period from June 30, 1917, to December 31, 1917, which includes \$278,529.18 of such expenditures made prior to June 30, 1917, and also of \$900,000 of such bonds in respect to \$1,200,000 of equipment obligations paid by it, covering four payments of \$300,000 each made on January 31 and July 31, 1919, and January 31 and July 31, 1920, respectively, and the proposed pledge of the bonds so issued (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

65 L. C. C.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Southern Railway Company be; and it is hereby, authorized (1) to issue under the date of April 18, 1906, if in the form of coupon bonds, but if in the form of registered bonds, as of the date of issue, \$5,900,000 of its development and general mortgage 4 per cent bonds, series A; said bonds to be issued under and pursuant to, and to be secured by, the development and general mortgage dated April 18, 1906, made by the applicant to the Standard Trust Company (now the Guaranty Trust Company of New York), and to be substantially in the form submitted with the application; said bonds to be exchangeable as between coupon and registered bonds and to bear interest at the rate of 4 per cent per annum, payable semiannually on the 1st day of April and October in each year, the principal thereof to be payable on the 1st day of April, 1956; \$5,000,000 of said bonds to be issued in respect of expenditures in that amount for construction and acquisitions made by the applicant during the period from June 30, 1917, to December 31, 1917, including \$278,529.18, previously expended, and \$900,000 thereof to be issued in respect to equipment obligations paid by the applicant as set forth in the application; and (2) to pledge said bonds in the aggregate amount of \$5,900,000 with the Secretary of the Treasury of the United States as security in part for a loan in the sum of \$3,825,000 from the United States to the applicant, under the provisions of section 210 of the transportation act, 1920, as amended.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until otherwise ordered by this Commission.

It is further ordered, That within 10 days thereafter the applicant shall report to this Commission all pertinent facts relating to the issue and pledge of said bonds, said report to be in writing and properly verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 934.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING NEW EQUIPMENT.

Submitted December 27, 1920. Decided January 3, 1921.

Application granted and loan of \$237,912 approved.

A. R. Lawton for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Central of Georgia Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 21, 1920, made application to us for a loan from the United States under section 210 of the transportation act, 1920, to aid the applicant in providing itself with new freight-train equipment. On June 16, 1920, the applicant amended and supplemented the application and on July 21, 1920, we issued our certificate No. 12 to the Secretary of the Treasury approving a loan of \$815,000 to the applicant for the purpose of aiding the applicant in providing itself with freight-train equipment pursuant to its application. September 15, September 24, and December 27, 1920, the applicant further amended and supplemented the application by reducing the amount of the loan desired and changing the purposes of the loan and the uses to which it will be applied.

In the application, as now amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$237,912,
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
7 mountain-type locomotives, at \$67,975 each.....	\$475,325	\$237,913	\$237,913
17 passenger-train cars, at \$24,940 each.....	412,080	412,080	
Total.....	\$887,905	\$649,993	237,913

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$300,000 of applicant's refunding and general mortgage 40-year series-A 6 per cent gold bonds, due June 1, 1959.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to acquire additional needed equipment, particularly additional mountain-type locomotives, which are required on account of the increase in the weight of trains, thus placing the applicant in a position properly to serve the transportation needs of the public along its lines.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States for the purpose and in the amount herein below set forth, seven mountain-type locomotives, at \$67,975 each, total estimated cost, \$475,825, to be financed by applicant, \$237,925, to be loaned by United States, \$237,900, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with each loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate amended certificate will be issued, and certificate No. 12, issued July 21, 1920, will be canceled.

Second Amended Certificate No. 12, for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$237,900 by the United States to the Central of Georgia Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in provid-

65 I. C. C.

ing itself with new locomotive equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$287,900.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in annual installments of \$15,860 each, consecutively, in from 1 to 15 years from the making thereof.

(b) The loan shall be secured by the pledge of applicant's refunding and general mortgage 40-year series-A 6 per cent gold bond, due June 1, 1959, issued under an indenture of mortgage, dated April 1, 1919, executed by the applicant to the United States Mortgage & Trust Company of New York, as trustee. Said bond is numbered 2, of a principal amount of \$800,000, is in temporary form, without coupons, exchangeable for definitive coupon bond of the same series and aggregate principal amount, substantially identical in tenor and of authorized denomination when prepared.

(c) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security, and the Secretary of the Treasury shall not, prior to default upon the obligation evidencing the loan, collect interest upon the collateral security, but shall remit to the applicant any such interest paid to him, and shall surrender to the applicant the coupons of said bonds as they mature.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

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(f) The applicant has agreed in an instrument in writing, dated the 5th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Certificate No. 12 of July 21, 1920, is hereby canceled.

Done at Washington, D. C., this 18th day of January, 1921.

65 I. C. C.

FINANCE DOCKET No. 1082.

IN THE MATTER OF THE APPLICATION OF THE FEDERAL VALLEY RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES TO BE USED IN PROCUREMENT OF EQUIPMENT.

Submitted December 6, 1920. Decided January 3, 1921.

Authority granted (1) to issue \$24,940 of promissory notes, dated December 20, 1920, bearing interest at the rate of 7 per cent per annum, payable semi-annually, the principal thereof to be payable to the order of the Lima Locomotive Works not later than 18 months after date, and (2) to issue \$3,000 of promissory notes, dated as of the date of issue, bearing interest at the rate of not more than 7 per cent per annum, the principal thereof to be payable to the order of the Ohio National Bank, of Columbus, Ohio, not later than four months after date of issue.

T. P. Linn for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Federal Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue \$27,940 of promissory notes in payment of the purchase price of one 60-ton Shay locomotive and one caboose. Of the aggregate amount of notes, \$24,940 are to be issued to the Lima Locomotive Works, Lima, Ohio, and \$3,000 to the Ohio National Bank, Columbus, Ohio, the latter to be taken by the individual stockholders of applicant at par in the event that an agreement can not be reached with the bank.

At the present time the applicant owns but two locomotives. One of these is in such a bad state of repair that it will have to be retired from active service. The other is in the repair shops of the New York Central lines, being repaired. The railroad is now being operated with a rented locomotive, and if the applicant is to continue to take care of its traffic it will be necessary to purchase an additional locomotive. Under these circumstances a new caboose will also be required, to conform with the laws of Ohio.

The locomotive is to be purchased from the Lima Locomotive Works, Lima, Ohio, at an estimated total cost of \$24,940, and is to be paid for by the issuance to that company of three notes to mature in 65 I. C. C.

ture on or before 18 months from date, to be dated as of the date of the delivery of the locomotive to the applicant, expected to be between December 15 and 20, 1920, and to be payable at the Ohio National Bank, Columbus, Ohio. The individual amount of each note is as follows: \$12,719.40, \$6,110.30, and \$6,110.30, all of which aggregate \$24,940. No contract looking to the purchase of the caboose has yet been entered into, and the notes to be issued in payment for the same, namely, \$3,000, have not yet been segregated into individual amounts.

The application was made under oath, signed, and filed in behalf of the applicant by one of its executive officers.

Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Ohio, the only state in which the carrier operates.

While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Ohio has been filed by the Public Utilities Commission of that state, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of the state of Ohio, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. We are of opinion that we have jurisdiction.

We find that the proposed issue of promissory notes to the face amount of \$27,940 (a) is for a lawful object within the corporate purposes of the Federal Valley Railroad Company, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

We further find that the obligations to be created by the issue of said notes, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of the application.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact

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and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Federal Valley Railroad Company be, and it is hereby, authorized (1) to issue, as of the date of December 20, 1920, three promissory notes of the aggregate principal amount of \$24,940, each of said notes to be dated December 20, 1920, to bear interest at the rate of 7 per cent per annum, payable semi-annually, and the principal thereof to be payable to the order of Lima Locomotive Works not later than 18 months after date; the first of said notes to be in the sum of \$12,719.40, and the second and third notes each to be in the sum of \$8,110.30; each of said notes to be substantially in the form submitted with the application; said notes, or the proceeds thereof, to be used solely for the purpose of making payment of the purchase price of one 60-ton Shay locomotive; and (2) to issue, within 60 days after the date of this order, a promissory note, or notes, of an aggregate principal amount of not more than \$3,000, to bear date as of the date of issue, to bear interest at the rate of not more than 7 per cent per annum, and the principal thereof to be payable to the order of the Ohio National Bank, of Columbus, Ohio, not later than four months after the date of issue; said note or notes to be substantially in the form submitted with the application, and said note, or notes, or the proceeds thereof, to be used solely in making payment of the purchase price of one caboose.

It is further ordered, That the applicant shall, within 10 days after such issue, report to the Commission all pertinent facts with regard to any note or notes issued in pursuance of the authority herein contained, and the applicant shall likewise report all pertinent facts relating to the payment or satisfaction of any such note or notes within 10 days after such payment or satisfaction; each of said reports to be in writing and signed by an executive officer of the applicant having knowledge of the facts and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 109.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
ATLANTA & ST. ANDREWS BAY RAILWAY COMPANY
UNDER SECTION 204 OF THE TRANSPORTATION ACT,
1920.

Submitted October 13, 1920. Decided January 4, 1921.

1. The Atlanta & St. Andrews Bay Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Atlanta & St. Andrews Bay Railway Company under the provisions of paragraphs (f) and (g) of section 204 is ascertained to be \$103,452.76, from which no amount is deductible as due from said Atlanta & St. Andrews Bay Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances or other indebtedness. Certificate issued.

H. W. Woolf for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Atlanta & St. Andrews Bay Railway Company, hereinafter termed the carrier, a corporation of the state of Alabama, is a steam railroad company which, during the federal-control period, engaged as a common carrier in general transportation, operating between Dothan, Ala., and Panama City, Fla., a distance of approximately 85 miles, its lines connecting at Dothan with the Atlantic Coast Line Railroad and Central of Georgia Railway, and at Cottondale, Fla., with the Louisville & Nashville Railroad, lines of railway or systems of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal-control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the Director General. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$111,516.46, whereas our examination of the ac-

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counts shows the correct amount for that period to be \$103,452.76. The operated mileage during both the federal-control period and the test period was approximately 85 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed by the carrier. We find a net credit of \$103,452.76 due the carrier under section 204 in reimbursement of deficits during federal control, from which no amount is deductible as due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-28 of the Interstate Commerce Commission under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained from annual and special reports made to it by the Atlanta & St. Andrews Bay Railway Company, a carrier as defined in section 204, that the Atlanta & St. Andrews Bay Railway Company sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 there is payable to the said Atlanta & St. Andrews Bay Railway Company the sum of \$103,452.76.

The Commission also hereby certifies that there is nothing due from the said Atlanta & St. Andrews Bay Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

Dated this 4th day of January, 1921.

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FINANCE DOCKET No. 1074.

IN THE MATTER OF THE APPLICATION OF THE BANGOR & AROOSTOOK RAILROAD COMPANY FOR AUTHORITY TO EXECUTE AN EQUIPMENT TRUST AGREEMENT AND LEASE OF EQUIPMENT THEREUNDER, TO SELL PRIOR-LIEN EQUIPMENT TRUST CERTIFICATES, AND TO PLEDGE CERTAIN SECURITIES.

Submitted November 5, 1920. Decided January 5, 1921.

Authority granted (1) to execute and deliver a certain agreement, and a certain agreement of lease, and to obligate itself to pay \$140,000 of prior-lien equipment-trust certificates and attached dividend warrants, to be known as Bangor & Aroostook Railroad equipment-trust series-G prior-lien certificates, and \$180,000 of deferred-lien equipment-trust certificates and attached dividend warrants, to be known as Bangor & Aroostook Railroad equipment-trust series-G deferred-lien certificates, toward the procurement of certain equipment; (2) for the sale of said prior-lien equipment-trust certificates at not less than 95.5 per cent of their face value and accrued interest; (3) for the application of the proceeds of said prior-lien equipment-trust certificates toward the purchase of certain equipment specified in said applications; and (4) to pledge said deferred-lien equipment-trust certificates, together with certain bonds, with the Secretary of the Treasury as security for a loan from the United States under section 210 of the transportation act, 1920, as amended. Conditions and terms prescribed.

Henry J. Hart for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Bangor & Aroostook Railroad Company, a common carrier by railroad engaged in interstate commerce, asks authority under section 20a of the interstate commerce act, to execute and deliver a certain agreement with the First National Bank of Bangor (of Bangor, Me.), as trustee, and a certain agreement of lease, by and under the terms of which applicant obligates itself to pay \$140,000 of prior-lien equipment-trust certificates, series G, and attached dividend warrants, and \$180,000 of deferred-lien equipment-trust certificates, series G, and attached dividend warrants to be issued thereunder; to sell said prior-lien certificates, and to pledge with the Secretary of the

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Treasury said deferred-lien certificates, \$30,000 of Washburn extension first-mortgage 5 per cent bonds, \$165,000 of St. John River extension first-mortgage 5 per cent bonds, and \$165,000 of consolidated refunding mortgage 4 per cent bonds, as security for \$180,000 of the applicant's promissory notes to be given for a loan in that amount from the United States to the applicant under section 210 of the transportation act, 1920, as amended.

Applicant and said bank propose to enter contemporaneously into an equipment-trust agreement, and a lease and conditional-sale agreement, copies of which are on file in this proceeding, under the terms of which applicant will acquire the possession and use of, and ultimately the title to, six consolidation-type locomotives. These locomotives are to be constructed by the American Locomotive Company and delivered to the bank as trustee under said trust agreement f. o. b. applicant's tracks, Northern Maine Junction, Me., and are then to be delivered by the trustee to applicant. The price to be paid to the American Locomotive Company for the locomotives is \$319,500, or \$53,250 each. In addition, applicant will bear the cost of inspection during and at the completion of construction, which will be approximately \$600. The total cost of the locomotives will therefore be not less than \$320,100.

We have heretofore approved and authorized a loan in the amount of \$180,000, pursuant to the provisions of section 210 of the transportation act, 1920, as amended, from the United States to applicant to assist it in procuring this equipment. This amount when received by applicant is to be paid to the First National Bank, as trustee, to pay the American Locomotive Company. The bank will pay the balance of the cost, namely, \$140,000, from the proceeds of the prior-lien equipment-trust certificates, for which authority is here asked.

To secure repayment of this sum of \$140,000, the trustee is to issue and applicant is to assume obligation to pay principal and interest of said equipment-trust prior-lien certificates, series G, in the aggregate amount of \$140,000, having priority over the deferred-lien certificates herein mentioned. These prior-lien certificates are to bear interest at the rate of 7 per cent per annum from January 1, 1921, payable semiannually on the 1st days of January and July, and maturing in 15 annual installments, \$8,000, on January 1 in each of the years from 1922 to 1926, inclusive, and \$10,000 on January 1 in each of the years from 1927 to 1936, inclusive. Said prior-lien equipment-trust certificates are to be purchased by the First National Bank of Bangor at 95½ per cent of par. This will make the interest rate to applicant approximately 7.6 per cent per annum.

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Applicant has asked authority to issue 15 promissory notes, each of the par value of \$12,000, as evidence of its obligation to repay said loan of \$180,000 from the United States. To secure said notes, applicant asks authority to pledge with the United States \$180,000 of equipment-trust deferred-lien certificates, series G, which will mature in 15 annual installments, \$12,000, on January 1 in each of the years from 1922 to 1936, inclusive, and which will bear interest at the rate of 6 per cent per annum, payable semiannually.

As further security for said notes, applicant proposes to pledge with the Secretary of the Treasury the following bonds now held in its treasury: \$30,000 of the applicant's Washburn extension first-mortgage 5 per cent bonds, dated August 1, 1909, and maturing August 1, 1939; \$165,000 of the applicant's St. John River extension first-mortgage 5 per cent bonds, dated August 1, 1909, and maturing August 1, 1939; and \$165,000 of the applicant's consolidated refunding mortgage 4 per cent bonds, dated July 1, 1901, and maturing July 1, 1951. The deferred-lien certificates and the bonds pledged by the applicant are to be released by the Secretary of the Treasury proportionately as the loan is repaid.

The entire amount and proceeds of said loan of \$180,000 and of said \$140,000 to be advanced by the bank will be used in paying the purchase price of equipment heretofore referred to and will be sufficient to pay the same in full. Applicant submits that trustee's counsel fees will be \$250; cost of printing, \$25; and that there will be \$10 miscellaneous expenses.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Maine, the only state in which the applicant operates. No objection to the granting of the application has been offered by the public utilities commission or other authority of that state.

We find that the execution of the Bangor & Aroostook Railroad equipment trust, series G, and a lease of the equipment, the issuance of equipment-trust certificates thereunder, the sale of prior-lien certificates, and the pledge of deferred-lien certificates and of the bonds hereinbefore described (a) are for lawful objects within the corporate purposes of the Bangor & Aroostook Railroad Company, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Bangor & Aroostook Railroad Company be, and it is hereby, authorized, to execute and deliver a certain agreement with the First National Bank of Bangor (of Bangor, Me.), as trustee, and a certain agreement of lease and conditional sale with the First National Bank of Bangor (of Bangor, Me.), to be called the Bangor & Aroostook equipment trust, series G, by and under the terms of which the Bangor & Aroostook Railroad Company obligates itself to pay (1) \$140,000 of equipment-trust prior-lien certificates and attached dividend warrants to be issued thereunder by the trustee aforesaid; said certificates to be known as Bangor & Aroostook Railroad equipment-trust series-G prior-lien certificates, to mature serially as follows: \$8,000, on January 1 in each of the years from 1922 to 1926, inclusive, and \$10,000, on January 1 in each of the years from 1927 to 1936, inclusive, to be signed and issued by the trustee aforesaid, bearing interest at the rate of 7 per cent per annum, payable semiannually on the 1st days of January and July in each year, as evidenced by said attached dividend warrants; and (2) \$180,000 of equipment-trust deferred-lien certificates and attached dividend warrants to be issued thereunder by the trustee aforesaid; said certificates to be known as Bangor & Aroostook Railroad equipment-trust series-G deferred-lien certificates, to mature serially as follows: \$12,000 on January 1 in each of the years from 1922 to 1936, inclusive, to be signed and issued by the trustee aforesaid, bearing interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of January and July in each year, as evidenced by said attached dividend warrants, all as set forth in said agreement and agreement of lease and conditional sale.

It is further ordered, That said equipment-trust prior-lien certificates of the principal amount of \$140,000 shall be sold at such price not less than 95½ per cent of par, and accrued dividends, that the total cost to the applicant involved in the issue and sale thereof shall not exceed 8 per cent per annum of the principal amount thereof, including in such costs the semiannual dividends, discounts, attorney's fees, and all other expenses in connection therewith.

It is further ordered, That the equipment-trust prior-lien certificates herein authorized of the total face value of \$140,000 (or proceeds thereof) shall be applied by applicant solely and exclusively

toward payment for the equipment set forth in the aforementioned lease, as follows: six superheater consolidated locomotives of the total estimated cost of \$320,100.

It is further ordered, That the Bangor & Aroostook Railroad Company be, and it is hereby, authorized to pledge said equipment-trust deferred-lien certificates of the principal amount of \$180,000, \$30,000 of applicant's Washburn extension first-mortgage 5 per cent bonds dated August 1, 1909, maturing August 1, 1939; \$165,000 of applicant's St. John River extension first-mortgage 5 per cent bonds dated August 1, 1909, maturing August 1, 1939, and \$165,000 of applicant's consolidated refunding mortgage 4 per cent bonds dated July 1, 1901, maturing July 1, 1951, with the Secretary of the Treasury as security for \$180,000 of applicant's promissory notes to be given for a loan in that amount from the United States to the applicant under section 210 of the transportation act, 1920, as amended.

It is further ordered, That none of the securities herein authorized to be sold or pledged shall be hypothecated, pledged, repledged, or otherwise disposed of, unless such pledge or hypothecation shall have been expressly approved and authorized by this Commission.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter ending December 31 and June 30 in each year, report to this Commission within 30 days after the close of such period all pertinent facts relating to the sale of said equipment-trust prior-lien certificates, the pledge of said equipment-trust deferred-lien certificates, and of said bonds hereunder authorized, and the release from pledge of any of said equipment-trust deferred-lien certificates, or of said bonds, each of said reports to be signed by an executive officer having knowledge of the facts, and verified by his oath; said reports to be made periodically as herein required until full payment of said prior-lien certificates has been made and until all of said deferred-lien certificates and of said bonds have been released from pledge.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment-trust certificates or interest thereon, or as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 84.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR AUTHORITY TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS AND TO PLEDGE SAME AS SECURITY FOR LOANS.

Submitted December 13, 1920. Decided January 7, 1921.

Authority granted (1) to issue \$2,700,000 of first and refunding mortgage 5 per cent gold bonds, series A, in accordance with the terms of a certain mortgage, and (2) to pledge said bonds with the Secretary of the Treasury as security for loans from the United States aggregating \$2,122,800.

Lawrence Greer for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Maryland Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, (1) to issue \$2,700,000 of first and refunding mortgage 5 per cent gold bonds; and (2) to pledge the same with the Secretary of the Treasury as security for loans from the United States, aggregating \$2,122,800, under section 210 of the transportation act, 1920, as amended.

The first and refunding mortgage, dated July 1, 1917, made by the applicant to the Equitable Trust Company of New York, trustee, authorizes a total issue of bonds not to exceed \$150,000,000, of which it appears that \$11,697,000 are now outstanding as security for certain obligations of the applicant. Bonds issued under said mortgage are to be of the series designated by the applicant, to bear interest at rate not in excess of 6 per cent per annum, as determined by its board of directors, and to mature July 1, 1967. Under section 8 of article II, \$25,000,000 of those bonds are reserved for various purposes enumerated therein, which include reimbursement of expenditures made subsequent to February 16, 1917, for the construction or acquisition of terminals or terminal facilities, or improvements, and additions or betterments thereto. Under section 4 of said article, at least \$66,900,700 of the bonds may be similarly issued in respect of expenditures for the extension, betterment, or improvement of any railroads and property of the applicant and for other purposes therein stated.

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The record shows that in accordance with proper certification of expenditures of the character prescribed in the aforesaid mortgage provision made subsequent to February 16, 1917, exclusive of all amounts previously certified, and in accordance with appropriate resolutions of the applicant's directors, the trustee aforesaid has authenticated and delivered, among other bonds, \$2,744,461.04 of series A, bearing interest at the rate of 5 per cent per annum, payable semiannually on the 1st days of January and July in each year, which are now held in the treasury of the applicant.

It is proposed to issue and pledge \$1,950,000 of these bonds with the Secretary of the Treasury as security for a loan of \$1,372,800 from the United States, under section 210 of the transportation act, 1920, as amended, to be used for the following purposes, as specified in our certificate No. 22: For additions and betterments, \$622,800; for 50 per cent of total cost of 20 mikado locomotives, \$750,000; total, \$1,372,800.

It is likewise proposed to issue and pledge \$750,000 of these bonds with the Secretary of the Treasury as security for a further loan of \$750,000 from the United States, under section 210 of the transportation act, 1920, as amended, to be used in payment of 50 per cent of the purchase price of 20 additional freight locomotives, as specified in our certificate No. 26. Loans with respect to the acquisition of equipment are to be further secured by second liens upon the locomotives as indicated in our certificate aforesaid.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by the Western Maryland Railway Company of \$2,700,000 of first and refunding mortgage 5 per cent gold bonds, and the proposed pledge thereof with the Secretary of the Treasury, (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

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ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Western Maryland Railway Company be, and it is hereby, authorized (1) to issue \$2,700,000 of first and refunding mortgage 5 per cent gold bonds, series A, under and pursuant to, and to be secured by, the first and refunding mortgage dated July 1, 1917, made by the applicant to the Equitable Trust Company of New York; and (2) to pledge the same with the Secretary of the Treasury as security for loans from the United States under section 210 of the transportation act, 1920, as amended, as follows: \$1,950,000 of said bonds, as security for a loan in the sum of \$1,372,800, comprising \$622,800 for additions and betterments and \$750,000 to assist the applicant in procuring certain equipment, as specified in the Commission's certificate No. 22; and \$750,000 of said bonds, as security for a loan of \$750,000 to assist the applicant in procuring certain other equipment, as specified in the Commission's certificate No. 26; said bonds to be used solely as such security until otherwise ordered.

It is further ordered, That the Western Maryland Railway Company shall make report to the Commission within 10 days thereafter, of the issue and pledge of said bonds, or of any part thereof, as herein authorized, and shall likewise report to the Commission the release of said bonds from such pledge within 10 days after any of the same may have been so released, such reports to be made in writing and duly verified by an executive officer of the applicant having knowledge of the contents thereof.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first and refunding mortgage 5 per cent gold bonds, series A, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 96.

IN THE MATTER OF THE APPLICATION OF THE POTATO CREEK RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted December 28, 1920. Decided January 8, 1921.

Certificate issued authorizing the construction of an extension and the abandonment of a portion of a line of railroad in Potter and McKean counties, Pa.

Archibald F. Jones for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Potato Creek Railroad Company, a carrier by railroad subject to the interstate commerce act, on October 20, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to construct an extension of its line of railroad and to abandon a portion of such line, in Potter and McKean counties, Pa.

The applicant's railroad, as now operated, was constructed in 1909 from Keating Summit, Potter county, to Keystone, McKean county, a distance of approximately 16.48 miles. Connection is made with the Buffalo & Susquehanna Railroad at Keating Summit and with the Pennsylvania Railroad at Liberty. Keystone, the westerly terminus, is not served by any other line; but 2.22 miles north of the present terminus, at a point called Hamlin, there is a line of the Pennsylvania system. Applicant desires to build 2.22 miles of new line in order to obtain this connection at Hamlin, and thereupon to abandon the 13.49 miles of its present line between Keating Summit and Norwich, thus retaining in service the 2.99 miles of line between Norwich and Keystone and operating between Norwich and Hamlin, a distance of 5.21 miles.

The existing line was built primarily to serve lumbering operations, the timber being hauled to Norwich for manufacture, and the finished product carried back over the line to Liberty and Keating Summit and delivered to the Pennsylvania or to the Buffalo & Susquehanna. The cost of the line, as carried on the applicant's books, was about \$180,000, against which bonds having the par value of

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\$100,000 were issued and are outstanding. The only traffic originating between Liberty and Norwich was timber, and the available supply is now exhausted. There is no railroad station, town, industry, or enterprise of any kind along the portion of the line sought to be abandoned. The soil is not favorable for agriculture, there being only a few scattered farms, all of which receive railroad service from the station at Norwich or at Liberty and will receive the same service under the proposed plan. There are, however, manufacturing plants at Norwich, Betula, and Keystone, as well as various mercantile establishments, all of which the applicant will be able to serve by means of the 5.21 miles of line from Norwich to Hamlin. At Liberty, the line crosses the Pennsylvania on an overhead trestle which is in bad repair and unsafe for continued operation. By building 2.22 miles of new line the applicant will be able to deliver its tonnage to the Pennsylvania at Hamlin instead of at Liberty, and thus no shipper now served will be deprived of adequate transportation facilities by the abandonment of the line between Norwich and Keating Summit. The applicant shows that a considerable saving in operating expenses will be thus effected, both as to maintenance and use of equipment, inasmuch as the length of line operated will be reduced from 16.48 miles to 5.21 miles. The salvage from the dismantled line will be sold for approximately \$42,000 and that amount of bonds will be retired, leaving \$58,000 outstanding against 5.21 miles of line. There is other indebtedness outstanding in the sum of \$22,169.75 in accounts payable, which the applicant expects to pay out of earnings, as well as the cost of the proposed extension, estimated at \$36,658.62.

As the road is now operated, outbound traffic moves east to Liberty over heavy grades and sharp curves, so that no more than four loaded cars can be hauled by one locomotive. The proposed movement to Hamlin will be over easy grades and make possible a haul of 15 or 16 cars. The difficulties met with in moving trains on the existing line, together with the cessation of lumbering operations between Norwich and Liberty, have caused a loss in operation for several years.

The applicant presents an estimate, based on past experience, of the probable results of operation in 1921, if the road is to be maintained and operated as at present, and in parallel columns it shows

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the probable results for the first year's use of the shorter line as proposed. The figures given may be summarized as follows:

	For present line Keat- ing Summit to Key- stone.	For pro- posed line Norwich to Hamlin.
Operating revenues.....	\$83,430.01	\$83,444.03
Operating expenses:		
Maintenance of way.....	17,117.40	6,895.36
Maintenance of equipment.....	12,202.65	11,073.16
Traffic expense.....	543.00	543.00
Transportation expense.....	55,540.56	29,064.04
General expense.....	7,913.64	7,912.04
Total operating expenses.....	93,317.25	55,471.20
Net revenue.....	\$ 9,887.27	26,972.83
Taxes.....	1,200.00	1,200.00
Railway operating income.....	\$ 11,087.27	26,772.83
Equipment rents.....	9,836.00	7,986.00
Net.....	\$ 21,023.27	17,835.83

Deficit.

In view of the fact that there are numerous shippers at Norwich, Betula, and Keystone who are dependent upon the applicant for service and that such service can be more efficiently and economically rendered by means of the proposed connection at Hamlin, we believe that the extension should be authorized. Since that part of the present line between Norwich and Keating Summit appears to serve no useful purpose, there can be no warrant for continuing its operation, assuming that the proposed extension is to be constructed and operated. A similar application was made to the Public Service Commission of Pennsylvania, and at our request that Commission transmitted a copy of its record to us, with the recommendation that the application be granted.

Upon the facts presented we find that the present and future public convenience and necessity require the construction of an extension of the applicant's line from Keystone to Hamlin, and thereupon will permit the abandonment of that portion of the applicant's railroad extending from Keating Summit to Norwich. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 20th day of October, 1920, the Potato Creek Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate of public convenience and necessity to extend its line of railroad in the state of Pennsylvania and to

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abandon a part of such line, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1 of the interstate commerce act;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy thereof filed with, the governor of the state of Pennsylvania, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in which said line of railroad is situated and to be extended;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed construction and abandonment;

That thereupon the case was submitted for decision upon such return and upon the record made before the Public Service Commission of Pennsylvania in a similar proceeding;

That on the 8th day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof;

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth:

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity require the construction by the applicant of an extension of its line of railroad from its present terminus at the station of Keystone, McKean county, Pa., to a connection with the Pennsylvania Railroad at Hamlin siding in said county, a distance of 2.22 miles; and that, when such extension shall have been placed in operation, public convenience and necessity will permit the abandonment by the applicant of that portion of its line of railroad which extends from Keating Summit, in Potter county, to Norwich, in McKean county, Pa., a distance of 13.49 miles.

Said Potato Creek Railroad Company is hereby authorized to construct said extension, to abandon said portion of its railroad, to dismantle such abandoned portion, and to dispose of the salvage and right of way in any lawful manner.

Provided, however, That said extension shall be completed and placed in operation on or before July 1, 1921, and that until such extension shall be placed in operation the abandonment herein authorized shall not take place.

Said Potato Creek Railroad Company, when filing schedules establishing rates and fares with reference to such extension or cancelling tariffs as to that portion of its line to be abandoned, shall refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 985.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR A LOAN FROM
THE UNITED STATES TO AID IN MEETING MATURING
INDEBTEDNESS.

Submitted December 15, 1920. Decided January 8, 1921.

Application granted and loan of \$320,000 approved.

Morris McDonald for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Maine Central Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 15, 1920, made application to us for a loan from the United States under section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant in meeting its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$320,000.
2. That the term for which the loan is desired is 14 years.
3. That the purposes of the loan and the uses to which it will be applied are to meet the maturity of applicant's bonded indebtedness, as follows: Knox & Lincoln Railway 5 per cent mortgage bonds, dated February 1, 1891, maturing February 1, 1921, total principal amount, \$400,000; to be financed by applicant, \$80,000; loan desired from the United States, \$320,000.
4. Its present and prospective ability to pay the loan and meet its obligations in regard thereto.
5. That the security offered is \$400,000 of applicant's first and refunding mortgage 6 per cent gold bonds, series D, maturing December 1, 1935.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing indebtedness, which it is otherwise unable to extend or renew.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning

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power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for, and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

We have heretofore approved loans aggregating \$1,653,000 to the applicant, as follows: Certificate No. 29, of October 9, 1920, to aid the applicant in providing itself with equipment and other additions and betterments, \$653,000; and certificate No. 30, of October 9, 1920, to aid the applicant in meeting maturing indebtedness, \$1,000,000.

After investigation, we find that the making of the proposed loan by the United States, for the purpose and in the amount hereinabove set forth, is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 62 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$320,000 by the United States to the Maine Central Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$320,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

- (a) The loan shall be secured by the pledge of \$400,000, principal amount, of applicant's first and refunding mortgage 6 per cent series-D gold bonds, due December 1, 1935, issued under an indenture

of mortgage dated December 1, 1915, and executed by the applicant to the Union Safe Deposit & Trust Company of Portland, Me., as trustee. Said bonds are in definitive coupon form, having coupon due June 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 18118 to 18517, inclusive.

(b) The collateral security for the loan shall not, so long as there shall be no default upon any of the obligations evidencing the loan, include matured interest upon such collateral. The Secretary of the Treasury shall not, prior to default on the obligations evidencing the loan, collect upon the interest-bearing coupons of said bonds, but shall surrender such coupons to the applicant as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 10th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorney's fees, and any and all other expenses in connection with such loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligation evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 12th day of January, 1921.

FINANCE DOCKET No. 994.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI PACIFIC RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN ACQUISITION OF NEW EQUIPMENT.

Submitted January 4, 1921. Decided January 10, 1921.

Application granted and loan of \$1,200,000 approved.

J. G. Drew for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS METER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Missouri Pacific Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 20, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in providing itself with new locomotive equipment. On January 4, 1921, the applicant supplemented the application.

In the application, as supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,200,000.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment, as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
25 mikado freight locomotives, at \$70,975 each.....	\$1,774,375		
15 six-wheel switching locomotives, at \$41,250 each.....	618,750		
5 mountain-type passenger locomotives, at \$75,500 each.....	377,500		
5 Pacific-type passenger locomotives, at \$61,260 each.....	306,250		
Grand total.....	3,076,875	\$1,876,875	\$1,200,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first and refunding mortgage series-D 6 per cent gold bonds, due 1949.

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6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to more expeditiously and economically handle the increasing volume of traffic offered.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The total loan requested by the applicant is approximately 50 per cent of the estimated cost of the freight and switching locomotives proposed to be acquired. The applicant itself will finance the entire cost of the passenger locomotives proposed to be acquired.

After investigation, we find that the making of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 64 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,200,000 by the United States to the Missouri Pacific Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new locomotive equipment is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,200,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be repaid in equal annual instalments of \$80,000 consecutively in 1 to 15 years, beginning January 15, 1922, and shall be secured by the pledge of \$1,600,000, principal amount, of applicant's first and refunding mortgage series-D 6 per cent gold bonds, due February 1, 1949, issued under an indenture of mortgage dated April 2, 1917, executed by the applicant to the Guaranty Trust Company of New York and Benjamin F. Edwards, as trustees. Said bonds are in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, substantially identical in tenor and of authorized denominations, when prepared. Said temporary bonds are of denominations, principal amounts, and are numbered as follows:

Bonds.	Num-ber.	Denomi-nations.	Aggregate principal amount.
TC 155 to TC 169.....	15	\$100,000	\$1,500,000
TV 2 to TV 16.....	15	5,000	75,000
TM 5 to TM 29.....	25	1,000	25,000
Total.....			1,600,000

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligations evidencing the loan, include matured interest or other income upon such collateral security. The Secretary of the Treasury shall not, prior to default on the obligations evidencing the loan, collect the interest upon the collateral security, but shall remit to the applicant any such interest paid to him and shall surrender to the applicant the coupons of said bonds as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the

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transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 18th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 19th day of January, 1921.

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FINANCE DOCKET No. 1060.

IN THE MATTER OF THE APPLICATION OF THE MOORE
HAVEN & CLEWISTON RAILWAY COMPANY FOR
AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Submitted December 4, 1920. Decided January 10, 1921.

Authority granted to issue \$50,000 of first-mortgage 6 per cent coupon gold bonds under and pursuant to a certain mortgage.

George B. Elliott and E. D. Treadwell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Moore Haven & Clewiston Railway Company, a corporation organized for the purpose of engaging in transportation by railroad in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue \$50,000 of its first-mortgage 6 per cent coupon gold bonds.

On April 14, 1920, the applicant obtained its charter from the state of Florida. Its proposed line of railroad extends from a connection with the Atlantic Coast Line at Moore Haven, De Soto county, Fla., to Clewiston, on the shore of Lake Okeechobee, in Lee county, Fla., a distance of approximately 14 miles. The railroad will furnish the only means of transportation, except an unimproved road, to a fertile agricultural district capable of intensive cultivation and development.

Actual construction of the railroad was begun prior to May 28, 1920, at which time the surveying and clearing had been completed, and about one-half mile of grading done. At the hearing it was stated that the grading and ditching had then been completed, but no ties laid. The rails and joint bars are to be leased by the applicant from the Atlantic Coast Line Railroad Company for the term of 40 years at a rental of approximately \$3,996 per annum.

The entire cost of construction, not including the rails and joint bars to be leased from the Atlantic Coast Line, is estimated at \$122,250, or about \$8,782 per mile. With the exception of lands purchased at the Moore Haven terminus at a cost of about \$3,000, the right of way was donated to the applicant.

The authorized capital stock of the applicant is \$50,000, divided into 500 shares of the par value of \$100 each, all of which has been

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sold at par. Approximately one-half of the proceeds has already been disbursed for construction purposes and the remainder is to be used for like purposes.

By its charter, the highest amount of indebtedness or liability to which the applicant may subject itself is \$5,000,000. A copy of the mortgage has been filed with the application. The bonds to be issued thereunder will be dated November 1, 1920, will bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of May and November in each year, and the principal thereof will be payable on the 1st day of November, 1960.

Arrangements have been made for the sale of the bonds at par to A. C. Clewis, one of the applicant's directors, the bonds to be issued and paid for as construction of the railroad progresses. In view of the prevailing rates of interest, it appears that such sale of the bonds is of advantage to the applicant.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Florida, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Railroad Commission of that state.

We find that the proposed issue of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Moore Haven & Clewiston Railway Company be, and it is hereby, authorized to issue, as of the date of November 1, 1920, not exceeding \$50,000 of its first-mortgage coupon gold bonds; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of May and November in each year, the principal thereof to be payable on November 1,

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1960; such bonds to be registrable as to principal, to be substantially in the form set forth in the application, and to be issued under and pursuant to, and to be secured by, the mortgage indenture bearing date as of October 1, 1920, between the applicant and the Safe Deposit & Trust Company of Baltimore; said bonds to be sold by the applicant at not less than par, and the proceeds thereof to be used solely for the construction of its line of railway as set forth in the application.

It is further ordered, That for the period ending June 30, 1921, and for each six months' period thereafter, the applicant shall, within 30 days after the close of such periods, report to the Commission all pertinent facts relating to the issue and sale of said bonds and the use of the proceeds thereof; said reports to be in writing, signed, and verified by an executive officer of the applicant, and to be filed periodically until the whole of said proceeds has been used and expended.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1045.

IN THE MATTER OF THE APPLICATION OF THE
ALABAMA & VICKSBURG RAILWAY COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN MEET-
ING MATURING INDEBTEDNESS AND IN PROVIDING
ADDITIONAL LOCOMOTIVES.

Submitted January 3, 1921. Decided January 11, 1921.

Application granted in part and loan of \$1,584,000 approved.

Larz A. Jones for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Alabama & Vicksburg Railway Company, a carrier by rail-road subject to the interstate commerce act, hereinafter referred to as the applicant, on December 15, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness and in providing itself with additional locomotives. The application was amended December 29, 1920.

In the application as amended, the applicant sets forth:

1. That the amount of the loan desired is \$1,883,500.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness and in providing itself with additional locomotives, as follows:

Purpose and use.	Estimated cost.	Financed by applicant.	Loan from United States.
To meet indebtedness maturing Apr. 1, 1921, consisting of—			
Vicksburg & Meridian first-mortgage 5 per cent bonds.....	\$940,000	.....	\$940,000
Alabama & Vicksburg first-mortgage consolidated sinking-fund 5 per cent bonds.....	580,800	\$200,000	380,800
Alabama & Vicksburg second-mortgage sinking-fund 5 per cent bonds.....	416,100	343,400	72,700
Total maturities.....	1,936,900	543,400	1,393,500
Equipment:			
2 Santa Fe type locomotives.....	120,000	.....	.....
2 milkado freight locomotives.....	100,000	.....	.....
2 Pacific-type passenger locomotives.....	150,000	.....	.....
2 Shay-gear switch engines.....	120,000	.....	.....
Total equipment.....	490,000	.....	490,000
Grand total.....	2,426,900	543,400	1,883,500

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's first-mortgage 30-year 6 per cent gold bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will aid the applicant in maintaining its credit and providing itself with additional power, thus enabling it to meet the transportation demands upon it.

Said application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligations as we deemed pertinent to the inquiry.

The applicant, by its president, on January 6, 1921, requested that consideration of that part of its application in respect of passenger locomotives be deferred.

After investigation, we find that the making in part of the proposed loan by the United States for the purposes and in the amounts hereinbelow set forth:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
Total in meeting indebtedness maturing Apr. 1, 1921, consisting of—			
Vicksburg & Meridian first-mortgage 6 per cent bonds.....	\$940,000	.....	\$940,000
Alabama & Vicksburg first-mortgage consolidated sinking-fund 5 per cent bonds.....	580,800	\$200,000	380,800
Alabama & Vicksburg second-mortgage sinking-fund 5 per cent bonds.....	416,100	343,400	72,700
Total maturities.....	1,936,900	543,400	1,393,500
Equipment:			
2 Santa Fe type freight locomotives.....	120,000	.....	.....
2 milkado freight locomotives.....	100,000	.....	.....
2 Shay-gear switch engines.....	120,000	.....	.....
Total equipment.....	340,000	170,000	170,000
Grand total.....	2,276,000	713,400	1,562,600

in even thousands of dollars—namely, \$1,564,000—is necessary to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan and reasonable protection to the United States, and that the applicant is unable to provide itself with funds for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

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Certificate No. 73 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,564,000, in two parts as hereinafter set forth, by the United States to the Alabama & Vicksburg Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness and in providing itself with freight locomotives, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan, which is to be made in two parts, is \$1,564,000.

4. That the time from the making thereof within which each part of the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, which shall be made in two parts, including the security to be given for repayment, are—

(a) One part of the loan shall be in respect of maturing indebtedness—namely, \$1,394,000—and shall be secured by the pledge of \$1,675,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, due 1951, issued under an indenture of mortgage, dated April 1, 1921, executed by the applicant to the Canal-Commercial Trust & Savings Bank and Felix E. Gunter, of New Orleans, La., as trustees. Said bonds are in definitive coupon form, having coupon due October 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered from 1 to 1675, inclusive.

(b) The other part of the loan shall be in respect of freight locomotives, namely, \$170,000, and shall be secured by the pledge of \$205,000, principal amount, of applicant's first-mortgage 30-year 6 per cent gold bonds, due 1951, issued under an indenture of mortgage as hereinabove described in subparagraph (a) of paragraph 5 hereof. Said bonds are in definitive coupon form, having coupon due October 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 1676 to 1880, inclusive.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain

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the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. When and as repayment is made on either part of the loan, the collateral securing that part of the loan shall be released proportionately.

(e) The applicant shall, on demand of the Secretary of the Treasury with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan, or any other obligation of the applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 21st day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs discounts, attorney's fees, and any and all other expenses in connection with said loan.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 3d day of March, 1921.

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FINANCE DOCKET No. 1064.

IN THE MATTER OF THE APPLICATION OF THE TENNESSEE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted December 22, 1920. Decided January 12, 1921.

Certificate issued authorizing the Tennessee Railroad Company to construct a branch line of railroad in Campbell and Anderson counties, Tenn.

Jesse C. Adkins for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Tennessee Railroad Company, a carrier by railroad subject to the interstate commerce act, on October 28, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to construct a branch line of railroad from a point on applicant's main line at the mouth of Beech Fork of New River, in Campbell county, Tenn., in a southeasterly direction along Beech Fork and Rocky Fork in Anderson county, a distance of 6 miles.

The applicant is a Tennessee corporation organized in 1918, following a receivership of the Tennessee Railway Company, during which certain extensions were built by order of a state court. The main line as now operated extends from Oneida, in Scott county, in a southerly direction to Fork Mountain, Anderson county, a distance of about 45 miles, with several short branch lines in Scott, Campbell, and Anderson counties. Connection is made at Oneida with a line of the Southern Railway. The main line and branches are chiefly used to handle timber and coal.

The proposed branch is to be built into the territory in question by the Beech Fork Timber Company, which owns most of the timber lands to be reached by the line. A written agreement between the applicant and the timber company provides that the latter will obtain the necessary rights of way in the name of the applicant, making location surveys, and will construct the line according to agreed specifications, turning it over to the applicant as a complete line ready for operation. The applicant on its part agrees to furnish

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service equal to that afforded to shippers on its main line, and to reimburse the timber company for the rails, spikes, bolts, plates, and switches used in construction, such payment to be made in monthly installments, but no payments are to be made until earnings on the branch exceed \$700 per month, whereupon the applicant is to pay 10 per cent of such excess. It is further provided that the contract shall constitute a covenant running with the land and bind subsequent purchasers of the branch line. The cost of the line is estimated at \$204,477. No equipment is included in the estimate of capital charges for the reason that the rolling stock now owned or hereafter acquired for service on the main line will be used to move the traffic.

The tract of land to be reached by the branch is situated in a mountainous region and is inaccessible to any line of railroad in either county, being cut off from these lines by slopes and ridges over which no transportation of any kind is feasible. For the same reason the proposed line will not compete with any existing line. There has been no work done in that territory by the timber company in the past because of the fact that it has been engaged in cutting other holdings nearer the main line. There are extensive coal deposits in the territory which have not been opened up by the owners because of the lack of transportation facilities. No other industrial development of any importance is possible in the region affected. There are a few good farms along the river bottom but agricultural development is not relied upon to furnish any substantial revenue. It is not expected that the building of the line will be followed by the establishment of any town or community except the usual lumber and mining camps. If the timber and coal supply should be exhausted at some future date, the applicant may desire to discontinue the use of this branch. It is apparent, that any justification for the building of the line must be found in the available supply of timber and coal in the territory affected. It is apparent that neither the timber nor the coal interests can be expected to handle their own traffic by means of a private spur reaching the applicant's main line, since the diversity of ownership of the several tracts will require that the service be performed by a common carrier operating for the benefit of all shippers.

It appears that the timber company has available for manufacture about 30,000,000 feet of timber accessible to the proposed line and an additional 10,000,000 feet which can be reached by a short spur. These holdings will produce tonnage for about seven or eight years. The New River Lumber Company now owns about 10,000,000 feet of timber which will require about eight years to cut, and which is accessible to the proposed branch. These estimates are based upon a cruise made for the timber companies.

The chief product relied upon to produce tonnage, however, is coal. The applicant estimates that there are about 20,000 acres of coal lands accessible to the line. No mines have yet been opened but it is expected that the work will be started as soon as the branch line is ready for service. In this territory there is a seam of coal lying 300 or 400 feet beneath the surface which is not regarded as being especially valuable at present because of the large quantity of a more accessible supply. This seam has been worked for 50 years at Coal Creek and at Briceville on the other side of the mountain. A seam known as the "state seam," which the state of Tennessee is now working at Petros, underlies a portion of the territory and contains a very good grade of steam coal. The Wind Rock seam, from 4 to 6 feet in thickness, is said to underlie about 5,000 acres of the territory in question. There are other less important seams farther up the slope which can be worked from the proposed branch. On the basis of 4,000 tons to the acre, the applicant estimates that there are 80,000,000 tons of merchantable coal which can be and will be mined, in the event that general industrial conditions and business activities become and remain normal. On that assumption the applicant estimates that within four years the branch will handle from 1,000 to 2,000 tons of coal per day. It is estimated that the proposed line will earn at least \$15,000 net income the first year, or a return of slightly more than 7 per cent on the investment, after deducting taxes and equipment rentals. Figures for succeeding years are not given but an increase in net income is confidently predicted.

The applicant's income account for the year ending December 31, 1919, shows a gross income of \$13,448.02; deductions for hire of equipment and interest on funded debt amount to \$20,248.78, leaving a net deficit of \$6,800.76. It is pointed out, however, that, by the terms of the contract above referred to, there will be no payments made to the timber company for the cost of metals until and as the gross revenue from the products hauled over said branch exceed \$700 per month, which payments, when made, will in no way affect the income of the applicant but will act as a reduction of the deferred liability created in account No. 770, "Other deferred liabilities," incident to the capitalization of the cost of the metals used in the construction by the timber company.

Upon the facts presented we find that the present and future public convenience and necessity require or will require the construction and operation by the applicant of the branch line hereinbefore described. A certificate to that effect will accordingly be issued.

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Certificate of Public Convenience and Necessity.

Be it known, That, on the 28th day of October, 1920, the Tennessee Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate that the present or future public convenience and necessity require or will require the construction by the applicant of a line of railroad in the state of Tennessee, along a route hereinafter described, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1, of the interstate commerce act.

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of Tennessee, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of railroad is to be constructed and operated;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed construction and operation;

That the Railroad and Public Utilities Commission of Tennessee, on behalf of the state of Tennessee, having recommended that the application be granted, the case was thereupon submitted upon the verified application and return to the questionnaire, without formal hearing;

That on the 12th day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof.

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth:

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity require that the Tennessee Railroad Company construct and operate a branch line of railroad beginning at a connection with its main line at the mouth of Beech Fork of New River, in Campbell county, Tenn., and extending up Beech Fork and the right-hand branch thereof about 6 miles, into Anderson county, Tenn.

Said Tennessee Railroad Company is hereby authorized to construct and operate said branch line of railroad as above described, the same to be completed and placed in operation on or before July 1, 1921.

Said Tennessee Railroad Company, when filing tariffs establishing rates and fares to and from points on said branch line, shall refer to this certificate by title, date, and docket number.

FINANCE DOCKET No. 1138.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES.

Submitted December 11, 1920. Decided January 12, 1921.

Authority granted to issue promissory notes in aggregate principal amount of \$230,000, in connection with purchase of five passenger locomotives.

M. L. Bell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act, to issue promissory notes in the aggregate principal amount of \$230,000, for the purpose of evidencing deferred installments of the purchase price of five passenger locomotives.

Under an agreement to be dated December 31, 1920, with the American Locomotive Company, a copy of which is filed in this proceeding, the applicant will procure five 22-inch by 28-inch superheater Pacific-type passenger locomotives (462-S-225 Railroad Company's class K 1-32) at an aggregate cost of \$311,750, of which \$81,750 will be paid in cash. The balance, namely \$230,000, will be payable semiannually from July 1, 1921, to January 1, 1926, inclusive, in 10 equal installments of \$23,000. Each of these installments will be evidenced by 23 promissory notes made by the applicant, and payable to bearer, for the principal sum of \$1,000 each. All of the notes will be dated December 31, 1920, and will bear interest at the rate of 6 per cent per annum, payable semiannually. The notes will mature in lots of 23 at semiannual periods beginning July 1, 1921, and ending January 1, 1926.

From and after the delivery of the locomotives the applicant will have the possession of and right to use the same upon its railroad and upon such payments being made, the title to and ownership of the locomotives will pass to and vest in the applicant.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers designated for

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that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the issue by the applicant of promissory notes in the aggregate amount of \$230,000 (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Minneapolis & St. Louis Railroad Company be, and it is hereby, authorized to issue at par its promissory notes in the aggregate principal amount of \$230,000; each of said notes to be dated December 31, 1920, to be in the principal sum of \$1,000, to bear interest at the rate of 6 per cent per annum, payable semiannually, and the principal of the notes of the aggregate principal amount of \$23,000 to mature and be payable at semiannual periods beginning July 1, 1921, and ending January 1, 1926; said notes to be issued in pursuance of an agreement to be dated December 31, 1920, between the applicant and the American Locomotive Company, and substantially in the form set forth therein; and said notes to be used by the applicant solely in connection with the purchase of five passenger locomotives as described in the application.

It is further ordered, That the applicant shall report to the Commission all pertinent facts relating to (1) the issue of said notes as herein authorized within 10 days thereafter, and (2) the payment or satisfaction of said notes within 10 days after the same shall have been respectively paid or satisfied, said reports to be in writing, and signed and verified by an executive officer of the applicant.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 919.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN ACQUIRING ADDITIONAL LOCOMOTIVES.

Approved January 13, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
ORDER.

The Ann Arbor Railroad Company, hereinafter referred to as the applicant, having applied to the Commission for a loan under section 210 of the transportation act, 1920, as amended, for additional locomotives;

It appearing, That a full investigation of the matters and things involved having been had, we made and filed a report containing our findings of fact and conclusions thereon and accordingly issued to the Secretary of the Treasury our certificate No. 15, of August 3, 1920, for a loan of \$35,000 to the applicant;

It further appearing, That the applicant, by its president, on September 9, 1920, requested that the amount of the loan be reduced to \$25,000 for like purpose;

And it further appearing, That the applicant, by its comptroller, on November 17, 1920, requested that its application be considered as withdrawn and closed:

It is ordered, That certificate No. 15, of August 3, 1920, be, and it is hereby, canceled.

65 I. C. C.

FINANCE DOCKET No. 926.

IN THE MATTER OF THE APPLICATION OF THE BANGOR & AROOSTOOK RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved January 14, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amended Certificate No. 5 for a Loan under Section 210 of the Transportation Act 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$200,000 by the United States in two parts to the Bangor & Aroostook Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding it in providing itself with equipment and other additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan, which is to be made in two parts, is \$200,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan which is to be made in two parts, including the security to be given for repayment, are—

(a) One part of the loan shall be in respect of equipment, namely, \$180,000, and shall be repaid in equal annual installments of \$12,000, consecutively, in from 1 to 15 years from the making thereof and shall be secured by the pledge of \$180,000 of applicant's equipment-trust series-G 6 per cent deferred-lien certificates, issued under an agreement of trust dated January 1, 1921, executed by the applicant to the First National Bank of Bangor, Bangor, Me., as trustee. Said equipment-trust certificates are in definitive form, without coupons, are in denomination of \$1,000, are numbered 1 to 180, inclusive, are dated January 1, 1921, and mature serially, \$12,000 on the 1st day

of January in the years 1922 to 1936, inclusive. This part of the loan shall be further secured by the pledge of the following described bonds (1) Applicant's Washburn extension first-mortgage 30-year 5 per cent gold bonds, \$30,000, due 1939, issued under an indenture of mortgage, dated August 1, 1909, executed by the applicant to the Central Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due February 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, are in aggregate principal amounts, and are numbered as follows:

4 bonds, Nos. 779 to 782.....	\$4,000
3 bonds, Nos. 808 to 810.....	3,000
4 bonds, Nos. 816 to 819.....	4,000
2 bonds, Nos. 1237 and 1238.....	2,000
2 bonds, Nos. 1278 and 1279.....	2,000
5 bonds, Nos. 1301 to 1305.....	5,000
4 bonds, Nos. 1332 to 1335.....	4,000
6 bonds, Nos. 1382 to 1387.....	6,000

30 bonds, total.....	30,000
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(2) Applicant's St. John River extension first-mortgage 30-year 5 per cent gold bonds, \$165,000, due 1939, issued under an indenture of mortgage, dated August 1, 1909, executed by the applicant to the Central Trust Company of New York, as trustee. Said bonds are in definitive coupon form, having coupon due February 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, are in aggregate principal amounts, and are numbered as follows:

50 bonds, Nos. 151 to 200.....	\$50,000
10 bonds, Nos. 234 to 243.....	10,000
1 bond, No. 246.....	1,000
1 bond, No. 248.....	1,000
50 bonds, Nos. 351 to 400.....	50,000
4 bonds, Nos. 430 to 433.....	4,000
1 bond, No. 767.....	1,000
15 bonds, Nos. 769 to 783.....	15,000
25 bonds, Nos. 807 to 831.....	25,000
3 bonds, Nos. 862 to 864.....	3,000
1 bond, No. 891.....	1,000
2 bonds, Nos. 895 and 896.....	2,000
2 bonds, Nos. 959 and 960.....	2,000

165 bonds, total.....	165,000
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(3) Applicant's consolidated refunding mortgage 50-year 4 per cent gold bonds, \$165,000, due 1951, issued under an indenture of mortgage, dated July 1, 1901, executed by the applicant to the Old Colony Trust Company, of Boston, as trustee. Said bonds are in definitive coupon form, having coupon due July 1, 1921, and subsequent coupons attached, are in denomination of \$1,000, and are numbered 2613 to 2777, inclusive.

(b) The other part of the loan shall be in respect of additions and betterments, namely \$20,000, and shall be repaid in equal annual installments of \$4,000 consecutively in from one to five years from the making thereof, and shall be secured by the pledge of \$50,000, principal amount, of applicant's consolidated refunding-mortgage 50-year 4 per cent gold bonds, due 1951, issued under an indenture of mortgage, dated July 1, 1901, executed by the applicant to the Old Colony Trust Company, of Boston, as trustee. Said bonds are in definitive coupon form, are in denomination of \$1,000, and are numbered 2450 to 2499, inclusive.

(c) The collateral security for the loan shall not, so long as there shall be no default upon the obligations evidencing the loan, include matured interest or other income upon such collateral security. The Secretary of the Treasury shall not, prior to default upon the obligations evidencing the loan, collect the income upon the collateral security, but shall remit to the applicant any such income paid to him and shall surrender to the applicant coupons or other evidence of such income as they mature.

(d) The applicant may repay all or any part of the loan before maturity. When and as any repayment is made on either part of the loan, the collateral securing that part of the loan shall be released proportionately.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Certificate No. 5, dated July 6, 1920, is hereby canceled.

Done at Washington, D. C., this 14th day of January, 1921.

65 I. C. C.

FINANCE DOCKET No. 1036.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted January 12, 1921. Decided January 14, 1921.

Application granted in part and loan of \$622,800 approved.

M. C. Byers for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Maryland Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid it in meeting maturing indebtedness and in providing itself with new equipment and additions and betterments to way and structures. On June 9, June 15, and July 22, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,672,800.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Purpose.	Estimated cost.	Financed by applicant.	Loan from United States.
Maturing indebtedness.....	\$1,000,000	\$700,000	\$300,000
Equipment consisting of 20 minkado freight locomotives at \$75,000 each.....	1,500,000	750,000	750,000
Additions and betterments to way and structures as follows:			
Enlargement and extension of coal pier at Baltimore.....	400,000		400,000
Dredging at Port Covington to accommodate large boats.....	95,000		95,000
Completion of new engine terminals and freight yards at Bowie (Connellsville, Pa.).....	100,000		100,000
Four passing sidings:			
Shaw, W. Va., \$5,500.....			
Poland, W. Va., \$6,900.....	27,800		27,800
Warnocks, W. Va., \$7,700.....			
Schell, W. Va., \$7,700.....			
Grand total.....	3,122,800	1,450,000	1,672,800

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is, (a) in respect of the loan for maturing indebtedness, applicant's 3-year 8 per cent secured notes; (b) in respect of the loan for equipment, a second lien upon the equipment and applicant's first and refunding mortgage bonds in a principal amount equal to the amount of the loan; and (c) in respect of the loan for additions and betterments, applicant's first and refunding mortgage bonds at 70 per cent of par.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to meet its maturing indebtedness and thus restore its credit, and to provide new equipment and additions and betterments to facilitate the movement of freight traffic, particularly coal.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$1,372,800, apportioned \$750,000 for locomotives and \$622,800 for other additions and betterments. By our amended certificate No. 14, of August 5, 1920, we approved a loan of \$300,000 to the applicant to aid it in meeting its maturing indebtedness.

The applicant, by its president, January 11, 1921, requested immediate certification of the proposed loan for additions and betterments only, requesting deferred consideration in the matter of the certification of the loan for new equipment.

After investigation, we find that the making of the proposed loan for additions and betterments by the United States, for the purposes and in the amounts hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

65 I. C. C.

Certificate No. 22 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$622,800 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, for the purpose of enabling the applicant to provide itself with additions and betterments to way and structures is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$622,800.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be secured by the pledge of applicant's first and refunding mortgage 50-year series-A 5 per cent gold bond, due 1967, issued under an indenture of mortgage, dated July 1, 1917, executed by the applicant to the Equitable Trust Company of New York, as trustee. Said bond is in temporary form, numbered B-14 in a principal amount of \$950,000, without coupons, exchangeable for definitive coupon bonds of the same series, substantially identical in tenor and in denomination of \$1,000, when prepared.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligation evidencing the loan, include matured interest upon such collateral security. The Secretary of the Treasury shall not, prior to default on the obligation evidencing the loan, collect the interest upon the collateral security, but shall remit to the applicant any such interest paid to him and shall surrender to the applicant the coupons of said bonds as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been

pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 11th day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan shall have been expended or definitely obligated for purposes for which loaned, or the loan shall be repaid to the United States on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 14th day of January, 1921.

65 I. C. C.

FINANCE DOCKET No. 1036.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted January 12, 1921. Decided January 14, 1921.

Application granted and loan of \$1,500,000 approved.

M. C. Byers for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Western Maryland Railway Company, a carrier by railroad subject to the interstate commerce act, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid in meeting maturing indebtedness and in providing itself with new equipment and additions and betterments to way and structures. On June 9, June 15, July 22, September 16, 1920, and January 12, 1921, applicant amended and supplemented the application.

In response to the said application, as amended and supplemented by our amended certificate No. 14 of August 5, 1920, we approved a loan to the applicant of \$300,000 to aid it in meeting its maturing indebtedness, and by our certificate No. 22 of this date we have approved an additional loan to the applicant of \$622,800 to aid it in providing itself with additions and betterments to way and structures to promote the movement of freight-train cars.

In the application as amended and supplemented, the applicant, in respect of the remainder of the application for new equipment, sets forth:

1. That the amount of the loan desired is \$1,500,000.
2. That the purpose of the loan and the uses to which it will be applied are to aid the applicant in providing itself with additional freight locomotives, as follows: 40 mikado freight locomotives, at \$75,000 each; total estimated cost, \$3,000,000; to be financed by applicant, \$1,500,000; loan desired from the United States, \$1,500,000.

65 I. C. C.

After investigation, we find that the making of an additional loan of \$1,500,000 by the United States to the applicant for the purpose as hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay this additional loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 26 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,500,000 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new locomotives, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,500,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

- (a) The loan shall be repaid in equal annual installments of \$100,000 consecutively in 1 to 15 years from the making thereof, and shall be secured by the pledge of \$1,500,000, principal amount, of applicant's deferred-lien 6 per cent equipment-trust notes, issued under an agreement of trust, dated March 1, 1921, executed by the applicant to the Equitable Trust Company of New York, as trustee. Said equipment-trust notes are in temporary form, without coupons, exchangeable for definitive notes of the same series, aggregate principal amount, substantially identical in tenor, having coupon due September 1, 1921, and subsequent coupons attached, and of authorized

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denominations when prepared. Said temporary notes are in denomination of \$100,000, and are numbered TB-1 to TB-15, inclusive.

(b) The loan shall be further secured by the pledge of \$1,750,000, principal amount, of applicant's first and refunding mortgage 50-year series-A 5 per cent gold bonds, due 1967, issued under an indenture of mortgage, dated July 1, 1917, executed by the applicant to the Equitable Trust Company of New York, as trustee. Said bonds are in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor, having coupon due July 1, 1921, and subsequent coupons attached, and in denomination of \$1,000, when prepared. Said temporary bonds are in principal amount and are numbered as hereinbelow set forth:

No. B-2-----	\$815, 000
No. B-12-----	355, 000
No. B-21-----	1, 000
No. B-23-----	579, 000
Total-----	1, 750, 000

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 26th day of February, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that

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the cost to it of any loan secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loan. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 1st day of March, 1921.

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FINANCE DOCKET No. 49.

IN THE MATTER OF THE APPLICATION OF THE KANSAS, OKLAHOMA & GULF RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS, PREFERRED STOCK, COMMON STOCK, AND EQUIPMENT-TRUST NOTES.

Submitted December 11, 1920. Decided January 17, 1921.

Authority granted (1) to issue \$2,744,750.11 of series-A 6 per cent bonds, \$82,000 of series-B 6 per cent cumulative income bonds, and not exceeding \$6,120,500 of series-C 6 per cent cumulative income bonds, all to be issued under and to be secured by a certain mortgage and deed of trust; (2) to issue not exceeding \$9,120,500 of preferred capital stock; (3) to issue not exceeding \$729,640 of common capital stock; (4) to issue \$51,378.50 of 6 per cent equipment-trust notes in procurement of equipment furnished by the Barney & Smith Car Company; (5) to issue \$346,645.71 of 6 per cent equipment-trust notes in procurement of equipment furnished by the American Car & Foundry Company.

Arthur Miller for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kansas, Oklahoma & Gulf Railway Company, a common carrier by railroad engaged in interstate commerce, has made application for authority, under section 20a of the interstate commerce act, to issue (1) \$2,744,750.11 of series-A bonds, \$82,000 of series-B bonds, and series-C bonds in an amount not exceeding 50 per cent of the principal of existing first-mortgage bonds of the Missouri, Oklahoma & Gulf Railroad Company and the Missouri, Oklahoma & Gulf Railway Company; (2) preferred capital stock in an amount not exceeding 50 per cent of the first-mortgage bonds aforesaid and unpaid interest accrued thereon to December 31, 1918; (3) common capital stock of an aggregate par value not exceeding 8 per cent of the total par value of preferred stock which may be issued as aforesaid; (4) \$51,378.50 of equipment-trust notes for certain equipment furnished by the Barney & Smith Car Company; and (5) \$385,161.49 of equipment-trust notes for certain other equipment furnished by the American Car & Foundry Company.

On December 12, 1913, receivers were appointed for the properties of the Missouri, Oklahoma & Gulf Railway Company, hereinafter termed the railway company, and the Missouri, Oklahoma & Gulf

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Railroad Company, hereinafter termed the railroad company. These companies comprised the Missouri, Oklahoma & Gulf system. During the receivership there were issued receivers' certificates in the aggregate principal amount of \$1,720,000. The interest on these certificates to December 31, 1918, amounted to \$190,477.59.

The applicant was organized as the "new company" provided for in the plan of adjustment of the Missouri, Oklahoma & Gulf Railroad system, dated December 31, 1918, prepared by United States circuit judge William C. Hook, and filed in the district court of the United States for the eastern district of Oklahoma, in consolidated cause in equity No. 2022. The plan of adjustment was approved by the Director General of Railroads during the period of federal control.

In accordance with the plan of adjustment, the applicant has acquired the properties that were subject to the receivership, and now seeks authority to issue bonds, capital stock, and equipment-trust notes for the purpose of further execution of the plan. A mortgage and deed of trust, dated March 1, 1920, by and under the terms of which the proposed issues of bonds will be secured, has been made by the applicant to the St. Louis Union Trust Company, covering all of the applicant's property, subject and inferior, however, to the government-lien mortgage, dated March 1, 1920, under which \$1,411,687.30 of government-lien notes have been issued.

The applicant desires authority to issue series-A bonds for the purpose of taking up and acquiring (a) the receivers' certificates aggregating \$1,720,000; (b) interest on said certificates to December 31, 1918, aggregating \$190,477.59; (c) interest to December 31, 1918, on unsatisfied equipment obligations of the railway and railroad companies, aggregating \$147,272.52; and (d) other liabilities of the receivers, court costs, allowances, expenses of reorganization, and claims against the railway company, aggregating \$687,000; a grand total of \$2,744,750.11.

The series-B bonds are to be used to take up and acquire claims aggregating \$82,000 against the railway company or the railroad company, existing prior to the receivership, which were recommended for allowance by the special master.

First-mortgage bonds of the railway company and of the said railroad company aggregating \$12,241,000, are outstanding. Pursuant to the plan of adjustment, holders of these bonds who accept the plan will be entitled to receive series-C bonds for 50 per cent of the principal thereof, and for the remaining 50 per cent and for accumulated interest they will be entitled to receive preferred capital stock of the applicant. Unpaid interest accrued to December

31, 1918, amounts to approximately \$3,000,000. Substantially all of the first-mortgage bonds are held in European countries. It appears that holders of bonds amounting to more than \$6,000,000 have accepted the plan of adjustment.

Second-mortgage bonds of the railway company aggregating \$867,000 are outstanding. Holders of these bonds who accept the plan will be entitled to receive common capital stock of the applicant of an aggregate par value not exceeding 8 per cent of the total par value of the preferred stock actually issued in conformity with the provisions of the plan set forth above. But the plan further provides, if there are any claims judicially established as intervening between the first-mortgage and second-mortgage bonds of the railway company or of the railroad company, the holders of such claims will be entitled to receive 100 per cent thereof out of the common capital stock thus conditionally allotted to the holders of second-mortgage bonds, or all of the same if the allotment does not equal the amount of such claims.

Prior to the institution of the receivership the railway and railroad companies had procured certain equipment from the Baldwin Locomotive Works, the Barney & Smith Car Company, and the American Car & Foundry Company. Contracts and equipment notes have heretofore been executed and delivered to the Baldwin Locomotive Works covering the principal amount due that creditor, of which nine notes, aggregating \$275,844.62, are now outstanding. Obligations of the aforesaid carriers for the equipment from the two last-named companies have not been fully satisfied. It is therefore proposed that the principal of these obligations, aggregating \$436,540.04, be taken care of by the issue of equipment-trust notes. The first installment of the \$385,161.49 due the American Car & Foundry Company, amounting to 10 per cent thereof, has been heretofore paid. Unpaid interest on these obligations accrued to December 31, 1918, in the sum of \$147,272.52, is to be covered by series-A bonds.

In order eventually to acquire full title to the equipment obtained from the Barney & Smith Car Company and the American Car & Foundry Company, the applicant also asks authority (1) to issue 10 equipment-trust notes payable to bearer, each in the amount of \$5,137.85, with interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of January and of July in each year, each of the notes to be substantially in the form set forth in the agreement of sale and indenture of lease between the Barney & Smith Car Company, the Winters National Bank, and the applicant; and (2) to issue 10 equipment-trust notes payable to bearer, each in the amount of \$38,516.19, with interest at the rate of 6 per cent per

annum, payable semiannually on the 1st days of January and of July in each year, each of the notes to be substantially in the form set forth in the agreement of sale and indenture of lease between the American Car & Foundry Company, the Columbia Trust Company, and the applicant. As previously noted, an amount equivalent to the first note has been paid to the latter company, whereby the issue of but nine notes is necessary in that instance. It is stipulated in the respective agreements of sale and indentures of lease that, upon payment of all the notes therein provided for, together with the interest thereon and the performance by the applicant of all covenants, obligations, and agreements therein contained, title to the equipment involved shall be conveyed to the applicant.

The following statement of the indebtedness of the Missouri, Oklahoma & Gulf system and of the applicant, including the outstanding government-lien notes and equipment-trust notes hereinbefore mentioned, shows the reduction in the total liabilities upon the applicant's property under the plan of adjustment:

Liability.	Missouri, Oklahoma & Gulf Railroad system.	Applicant.
Capital stock.....	\$14,751,400.00	\$6,850,140.00
Bonds.....	13,106,000.00	8,947,230.11
Government-lien notes.....		1,411,687.30
Equipment-trust notes.....		673,898.83
Other liabilities.....	6,569,784.17	
Total liabilities.....	34,429,184.17	20,882,946.24
Net reduction.....		13,546,237.93
	34,429,184.17	34,429,184.17

Under the plan of adjustment the fixed interest charges will be as follows:

Series-A bonds.....	\$164,685.00
Equipment notes.....	40,482.18
Government-lien notes.....	84,701.84
Total.....	289,869.02

In addition, there will be the following interest charges to be paid only if and when there are sufficient surplus earnings from operation, but to be cumulative:

Series-B bonds.....	\$4,920.00
Series-C bonds.....	367,280.00
Total.....	\$72,150.00

A comparison of the applicant's capital liabilities under the proposed plan with the capital liabilities of the Missouri, Oklahoma & Gulf Railroad system indicates a net reduction of \$13,546,237.93. Similarly the fixed charges under the proposed plan have been sub-

stantially reduced, amounting upon series-A bonds, equipment notes, and government-lien notes, combined, to \$289,818.97, an amount far below the fixed charges upon the obligations of the Missouri, Oklahoma & Gulf Railroad system, and apparently within the probable net revenue from applicant's operation, as gauged by the results of September, October, and November, 1920. Applicant offered no evidence in regard to the value of its property, and it is not now practicable to determine such value from any information in our possession. In this instance we are asked only to give effect, by authorization of the securities specified, to the plan of reorganization devised by United States circuit judge William C. Hook, approved by the United States Railroad Administration, and filed in the district court of the United States for the eastern district of Oklahoma, in consolidated cause in equity No. 2022, a plan which will accomplish a large reduction in the securities outstanding prior to the receivership and also reduce fixed charges to an amount within the earning power of applicant.

These amounts represent the maximum for which authority is asked, and that will be necessary to comply with the plan presented in case all outstanding first-mortgage bonds are presented within the time limit which may be set by Judge Hook after December 31, 1921. It is improbable, however, that all the bonds will be deposited, for the reason that many of them were held by persons within the theater of operations during the world war.

Copies of documents referred to herein were filed with the application, as follows; (1) plan of adjustment; (2) mortgage and deed of trust of March 1, 1920; (3) government-lien mortgage; and (4) agreements of sale and indentures of lease with the American Car & Foundry Company and with the Barney & Smith Car Company. The application was made under oath, and signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issues of series-A bonds, series-B bonds, series-C bonds, equipment-trust notes, preferred capital stock, and common capital stock by the Kansas, Oklahoma & Gulf Railway Company (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair

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its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue, as of the date of March 1, 1920, not exceeding \$2,744,750.11 of series-A bonds, under and pursuant to, and to be secured by, a certain mortgage and deed of trust dated March 1, 1920, made by the applicant to the St. Louis Union Trust Company; said bonds to bear interest at the rate of 6 per cent per annum from January 1, 1919, such interest to be payable semi-annually on the 1st days of January and July in each year, and to be evidenced by coupons attached to the respective bonds, the first coupon of each bond to be payable as of the date of July 1, 1919, and to represent interest for the preceding six months; the second coupon to be payable as of the date of January 1, 1920, and to represent interest for the preceding six months; the third coupon to be payable as of the date of July 1, 1920, and to represent interest for the preceding six months; each subsequent coupon to represent interest for the respective six months' periods thereafter; the principal of said bonds to be payable on January 1, 1937; said bonds to be redeemable and to be registrable as provided in the mortgage and deed of trust securing the same, and to be substantially in the form therein set forth; said bonds to be subject and inferior to the government-lien mortgage dated March 1, 1920, made by the applicant to Frank Hagerman and the Commerce Trust Company; said bonds, or the proceeds thereof, to be used solely for the purpose of taking up, acquiring, or otherwise satisfying or liquidating the following; (a) receivers' certificates in the principal amount of \$1,720,000; (b) interest on said receivers' certificates to December 31, 1918, aggregating \$190,477.59; (c) interest on unsatisfied equipment obligations, aggregating \$147,272.52; and (d) other liabilities of the receivers, court costs, allowances, expenses of reorganization, and claims against the receiver aggregating \$687,000, so far as they may be approved by the court.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue, as of the date of 65 I. C. C.

March 1, 1920, \$82,000 of series-B bonds, under and pursuant to, and to be secured by the aforesaid mortgage and deed of trust; said bonds to bear interest at the rate of 6 per cent per annum from January 1, 1919, such interest to be evidenced by coupons attached to the respective bonds, and to be payable on the 1st day of January in each year (cumulatively) only if and when there are sufficient surplus earnings derived from the operation of the properties of the applicant to make such payments of interest, the first coupon of each bond to be payable as of January 1, 1920, and to represent interest for the preceding 12 months; the principal of said bonds to be payable January 1, 1949; said bonds to be redeemable and to be registrable, as provided in the mortgage and deed of trust securing the same, and to be substantially in the form therein set forth; said bonds to be subject and inferior to the aforesaid government-lien mortgage dated March 1, 1920, and series-A bonds; and said bonds, or the proceeds thereof, to be used solely for the purpose of taking up, acquiring, or otherwise satisfying or liquidating claims against the Missouri, Oklahoma & Gulf Railway Company and the Missouri, Oklahoma & Gulf Railroad Company, existing prior to the receivership, aggregating the sum of \$82,000, as recommended by the special master.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue, as of the date of March 1, 1920, an amount not exceeding \$6,120,500 of its series-C bonds, equal to 50 per cent of the principal amount of bonds of the Missouri, Oklahoma & Gulf Railway Company and of the Missouri, Oklahoma & Gulf Railroad Company, that have been, or may hereafter be, deposited by the respective holders thereof in accordance with the plan of adjustment prepared by Circuit Judge William C. Hook, and filed in the district court of the United States for the eastern district of Oklahoma, in consolidated cause in equity No. 2022; said series-C bonds to be issued under and pursuant to, and to be secured by, the aforesaid mortgage and deed of trust, and to bear interest at the rate of 6 per cent per annum from January 1, 1919, such interest to be evidenced by coupons attached to the respective bonds, and to be payable on the 1st day of January in each year (cumulatively) only if and when there are sufficient surplus earnings derived from the operation of the properties of the applicant to make such payments of interest, the first coupon of each bond to be payable as of January 1, 1920, and to represent interest for the preceding 12 months; the principal of said bonds to be payable January 1, 1949; said series-C bonds to be redeemable and to be registrable, as provided in the mortgage and deed of trust securing the

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same, to be substantially in the form therein set forth, to be subject and inferior to the aforesaid government-lien mortgage dated March 1, 1920, and series-A and series-B bonds, and to be used by the applicant solely in satisfaction of 50 per cent of the principal of each of the respective bonds which have been, or may hereafter be, so deposited.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue its preferred capital stock of a par value not exceeding \$9,120,500, equal to 50 per cent of the principal of bonds, together with unpaid interest accrued thereon to December 31, 1918, of the Missouri, Oklahoma & Gulf Railway Company and of the Missouri, Oklahoma & Gulf Railroad Company, that have been, or may hereafter be, deposited by the respective holders thereof, in accordance with the aforesaid plan of adjustment; said preferred stock to be issued by the applicant solely in satisfaction of 50 per cent of the principal of each of the respective bonds, together with interest as aforesaid, that have been, or may hereafter be, so deposited.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue its common capital stock of a par value not exceeding \$729,640, and also not exceeding 8 per cent of the par value of preferred stock actually issued in accordance with the authorization contained in this order; said stock to be issued to the holders of claims left unpaid, if any such be judicially established, intervening between the first and second mortgage bonds of the railway company and the railroad company, such holders to receive 100 per cent of their claims out of said common capital stock; if no such claims be thus established, then all of said common capital stock herein authorized to be issued, may be issued proportionately to the holders of second-mortgage bonds of the railway company, aggregating not exceeding \$867,000, who have heretofore, or may hereafter, deposit their bonds in accordance with said plan of adjustment; but if any such claims be thus established, and the amount thereof be less than the par value of said common capital stock, then the amount of such stock not required to satisfy the same, may be issued to the holders of said bonds so deposited as aforesaid. In no event shall the par value of said common capital stock issued under the authority herein granted exceed the amount required to satisfy unpaid claims thus judicially established, and the principal amount of second-mortgage bonds deposited in accordance with the plan of adjustment; said common capital stock to be issued solely by the applicant in full satisfaction of such claims, if any be established as aforesaid, and in full satisfaction of the said second-

mortgage bonds in respect of which any common capital stock may be issued.

It is further ordered, That said preferred and common capital stock herein authorized shall have equal voting power.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue, as of the date of August 1, 1919, 10 equipment-trust notes to be made payable to bearer, each in the principal sum of \$5,187.85, under and pursuant to, and to be secured by, a certain agreement of sale and indenture of lease between the Barney & Smith Car Company, the Winters National Bank, and the applicant; said notes to be numbered consecutively from 1 to 10, inclusive, and to mature as follows: Note No. 1, on demand, and notes Nos. 2 to 10, inclusive, respectively, on the 1st day of January in each year from 1921 to 1929, inclusive; all of said notes to bear interest at the rate of 6 per cent per annum from January 1, 1919, the interest borne by notes Nos. 2 to 10, inclusive, to be payable semiannually on the 1st days of January and July in each year, and to be evidenced by coupons attached to the respective notes, the first coupon to be payable as of July 1, 1919, and to represent interest for the preceding six months; the second coupon to be payable as of the date of January 1, 1920, and to represent interest for the preceding six months; the third coupon to be payable as of the date of July 1, 1920, and to represent interest for the preceding six months; each subsequent coupon to represent interest for the respective six months' period thereafter; said notes to be substantially in the form set forth in the agreement of sale and indenture of lease securing the same; and said notes, or the proceeds thereof, to be used solely in procurement of equipment, as set forth in the application.

It is further ordered, That the Kansas, Oklahoma & Gulf Railway Company be, and it is hereby, authorized to issue, as of the date of August 1, 1919, nine equipment-trust notes to be made payable to bearer, each in the principal sum of \$38,516.19, under and pursuant to, and to be secured by, a certain agreement of sale and indenture of lease between the American Car & Foundry Company, the Columbia Trust Company, and the applicant; said notes to be numbered consecutively from 2 to 10, inclusive, and to mature, respectively, on the 1st day of January in each year from 1921 to 1929, inclusive; all of said notes to bear interest at the rate of 6 per cent per annum from January 1, 1919, to be payable semiannually on the 1st days of January and July in each year, to be evidenced by coupons attached to the respective notes, the first coupon to be payable as of July 1, 1919, and to represent interest for the preceding six months; the second coupon to be payable as of the date of January 1, 1920, and to repre-

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sent interest for the preceding six months; the third coupon to be payable as of the date of July 1, 1920, and to represent interest for the preceding six months; each subsequent coupon to represent interest for the respective six months' periods thereafter; said notes to be substantially in the form set forth in the agreement of sale and indenture of lease securing the same; and said notes, or the proceeds thereof, to be used solely in procurement of equipment, as set forth in the application.

It is further ordered, That the applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to the Commission within 30 days after the close of such periods, all pertinent facts relating to the issue and disposition of bonds, preferred and common capital stock, and notes, as herein authorized, and the payment of said notes; each of said reports to be in writing, signed by an executive officer of the applicant having knowledge of the facts, and verified by his oath; said reports to be made periodically as herein required until all of said bonds, preferred and common capital stock, and notes have been issued and disposed of, and until all of said notes shall have been paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds and notes, or interest thereon, or as to said preferred and common capital stock, on the part of the United States.

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FINANCE DOCKET No. 83.

IN THE MATTER OF THE APPLICATION OF THE NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES; TO EXECUTE A CONTRACT TO PURCHASE LOCOMOTIVES; TO ISSUE MORTGAGE BONDS, INCOME BONDS, AND CAPITAL STOCK OR VOTING-TRUST CERTIFICATES; AND TO PLEDGE BONDS AS SECURITY FOR A LOAN.

Submitted October 5, 1920. Decided January 18, 1921.

Authority granted:

1. To issue eight promissory notes for \$25,000 each, payable to the order of the American Car & Foundry Company, bearing interest at the rate of 7 per cent per annum, payable semiannually.
2. To execute an agreement for the purchase of five locomotives from the War Department;
3. To issue \$800,000 of first-mortgage 6 per cent gold bonds, series A, and \$530,000, or such an amount as may be required, of 5 per cent noncumulative income bonds, series A, and to pledge the same with the Secretary of the Treasury as security for a loan from the United States;
4. To issue not exceeding \$280,000 of 5 per cent noncumulative income bonds, series A, and approval given for the delivery of not exceeding \$175,000 of voting-trust certificates representing equal amount of capital stock, to comply with the plan and agreement of reorganization, dated August 25, 1915, under which the applicant was organized.

Conditions and terms prescribed.

Frank Andrews for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New Orleans, Texas & Mexico Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue eight promissory notes for \$25,000 each, payable to the order of the American Car & Foundry Company, maturing, respectively, 6, 12, 18, 24, 30, 36, 42, and 48 months after date, bearing interest from date at the rate of 7 per cent per annum, payable semiannually, and secured by an agreement of conditional sale covering the purchase of 10 steel passenger coaches and 5 steel baggage cars, now being constructed for the applicant by the American Car & Foundry Company; (2) to execute an agreement, dated June 1, 1920, between the applicant and

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the War Department of the United States, for the purchase of five locomotives which were built to be used in Russia; (3) to issue \$800,000 of applicant's first-mortgage 6 per cent gold bonds, series A, secured by its first mortgage and deed of trust to the Columbia Trust Company, dated March 1, 1916, and \$580,000 of applicant's 5 per cent noncumulative income bonds, series A, secured by a certain indenture to the Guaranty Trust Company of New York, dated March 1, 1916, and to deposit and pledge said bonds with the Secretary of the Treasury as collateral security for a loan from the United States to the applicant under section 210 of the transportation act, 1920, as amended; (4) to issue such amount of the applicant's 5 per cent noncumulative income bonds, series A, not exceeding \$280,000, and such amount of its capital stock not exceeding \$175,000 as may be necessary to comply with the plan and agreement of reorganization, dated August 25, 1915, under which the applicant was organized.

Under an agreement of conditional sale between the applicant and the American Car & Foundry Company, dated August 5, 1920, covering the purchase of 10 steel passenger coaches and 5 steel baggage cars, applicant agrees to pay to vendor in cash and in proportionate amounts, as cars are delivered, the sum of \$93,050.80, and in addition, and upon delivery of all the cars, to deliver to the vendor its series of eight duly executed and stamped negotiable promissory notes, all bearing the date of the average date of delivery of all the cars, the first payable six months from its date, and one payable on the corresponding date of each sixth month thereafter, each in the principal amount of \$25,000, and bearing interest at the rate of 7 per cent per annum, payable with respect to each note, at the expiration of each six months from its date.

On June 1, 1920, the applicant entered into an agreement with the War Department of the United States for the purchase of 5 locomotives which were built to be used in Russia; said agreement provides for payment of \$2,500 each, upon delivery of the locomotives to the purchaser, and the balance in nine equal installments, in the amount of \$12,500 each, payable annually on the 1st day of May in each year, 1921 to 1929, inclusive, by certified check, without rendition of bills by said War Department, and with interest at the rate of 6 per cent per annum on deferred payments.

Said agreement was actually made, and by correspondence was reduced to writing, before section 20a of the interstate commerce act, as amended, took effect, but the formal contract was actually signed by applicant's president and was formally executed by the applicant and the War Department after said section 20a took

effect. Our authority is now sought for confirmation of this agreement, or the execution of another one, as may be necessary.

It is submitted that the purchase of cars from the American Car & Foundry Company was necessary, owing to growing business which necessitated the filling of regular-schedule passenger trains with extra cars. Applicant has had to rent at a very heavy expense from 15 to 20 passenger cars from other railroads in order to care for its regularly established passenger trains. In view of growing business for the past two years, applicant has been short of locomotives to handle the vegetable crop between January and June, making it necessary to rent locomotives to avoid delay and possible claims as a result of failure to handle promptly.

Applicant also desires authority to issue and pledge \$800,000 of its first-mortgage 6 per cent gold bonds, series A, and \$530,000 of its 5 per cent noncumulative income bonds, series A, and to deposit and pledge said bonds with the Secretary of the Treasury as security for a loan in the sum of \$1,759,219, under section 210 of the transportation act, 1920, as amended, should the same be granted upon separate application therefor. The proceeds of said loan from the United States are to be used for the purchase of new equipment, for improvements to existing equipment, and for additions and betterments.

On May 17, 1910, the New Orleans, Texas & Mexico Railroad Company executed a first mortgage to the New York Trust Company, as trustee, to secure certain bonds of the St. Louis & San Francisco Railroad Company, known as its New Orleans, Texas & Mexico division first-mortgage gold bonds, a large amount of which were thereafter sold and delivered to citizens of the republic of France and to subjects of the king of Belgium.

It is submitted that on the date of execution of said mortgage, and prior thereto, the title to the greater part of the properties now owned by the applicant was vested in the New Orleans, Texas & Mexico Railroad Company; and the St. Louis & San Francisco Railroad Company owned all the capital stock of the New Orleans, Texas & Mexico Railroad Company, and through and by virtue of that stock ownership exercised all such control as can be exercised by stock ownership. Bonds covering the properties of the New Orleans, Texas & Mexico Railroad Company, including in those properties the stocks and bonds of the three Texas companies which were controlled by the New Orleans, Texas & Mexico Railroad Company, i.e., the St. Louis, Brownsville & Mexico Railroad Company, the Beaumont, Sour Lake & Western Railway Company, and the Orange & Northwestern Railroad Company, were sold to and held

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by the public, and were not owned by, but were in fact the obligations of, the St. Louis & San Francisco Railroad Company.

Early in the year of 1913, the St. Louis & San Francisco Railroad Company went into the hands of receivers. The New Orleans company which controlled the three Texas companies, was operating through a territory which was under development. When the St. Louis company went into the hands of receivers, the New Orleans, Texas & Mexico Railroad Company was unable to secure necessary working capital from the St. Louis company, which had theretofore been the only available source; and was unable by its own efforts, or by the combined efforts of itself and the Texas lines, to supply the needed working capital, and to meet the interest on the aforesaid bonds.

On June 8, 1913, the New York Trust Company instituted in the district court of the United States for the eastern district of Louisiana, at New Orleans, a receivership proceeding against the New Orleans, Texas & Mexico Railroad Company. On June 9, 1913, the federal court at New Orleans appointed John D. O'Keefe and Frank Andrews as receivers of the New Orleans, Texas & Mexico Railroad Company. A decree of foreclosure was entered on July 31, 1914.

Receivership proceedings were also instituted in the federal court at Houston, one against the St. Louis, Brownsville & Mexico Railway Company, and the other jointly against the Orange & Northwestern Railroad Company and the Beaumont, Sour Lake & Western Railway Company.

On August 25, 1915, a committee, representing substantially all of the holders of bonds secured by said mortgage of May 17, 1910, and then outstanding, issued a plan and agreement of reorganization, contemplating the purchase of the properties aforesaid by trustees for the use and benefit of the holders of said bonds, and the creation of applicant, to own and operate the properties covered by said mortgage. On November 15, 1915, said properties were sold to Walter F. Taylor and Carl A. De Gersdorff for \$6,000,000, and on application and under the order of said district court of the United States for the eastern district of Louisiana, and in pursuance of said plan and agreement of reorganization, the property was actually conveyed to said applicant by the special master commissioner, appointed for that purpose by the court. By the terms of said plan and agreement of reorganization, it is provided that the holders of bonds issued under, and secured by, said foreclosed mortgage of May 17, 1910, should become entitled to receive certain securities of the applicant, upon depositing their New Orleans, Texas & Mexico division bonds within a certain time limit specified, and otherwise complying with the terms and provisions of said plan and agreement of reor-

ganization. The time limit for the French and Belgian holders of said bonds to comply with the provisions of said plan and agreement of reorganization was extended until April 25, 1921. On the date of the foreclosure of said mortgage of May 17, 1910, there was outstanding a principal amount of \$28,582,000 of New Orleans, Texas & Mexico division first-mortgage gold bonds. Applicant did not assume liability upon any of the old bonds which had been secured by said foreclosed mortgage, but simply became owner of the properties which had been sold under said decree of foreclosure. The plan and agreement of reorganization also contemplated the recognition of \$766,236 of Austwell Victoria extension bonds, held by the St. Louis Union Trust Company, making the total amount of bonds entitled to participation therein \$29,348,236. The St. Louis Union Trust Company had acquired these bonds under an agreement with the St. Louis & San Francisco Railroad Company, by which they were to be exchanged by the trust company to the railroad company for an equal amount of New Orleans, Texas & Mexico division bonds, but the exchange had not actually been made at the time of the receivership. The contract between the trust company and the railroad company was recognized, and under the reorganization the Austwell Victoria bonds were accorded the same rights as the bonds which the trust company would have received in exchange for them. Of the total amount of \$28,582,000 of the New Orleans, Texas & Mexico division bonds, \$5,000,000 of said bonds were written in the French language and disposed of to French bankers, and the remaining \$23,582,000 were written in the English language and negotiated and sold in this country. The total amount of said bonds held by bondholders not accepting or participating in said plan of reorganization amounted to \$70,000, American issue, and \$482,800, French issue. If a bondholder did not deposit his bonds under said plan of reorganization, he was entitled to participate in the fund resulting from the sale of said properties under foreclosure, which, after the payment of various expenses of sale and receivership, now amounts to approximately 13 cents on the dollar.

On March 1, 1916, a voting-trust agreement was entered into between the owners of stock in the New Orleans, Texas & Mexico Railway Company and Willard V. King, N. A. McMillan, and Charles H. Sabin, the voting trustees, under which 149,985 shares of said stock, of a par value of \$14,998,500, now stand in the names of said voting trustees, and 15 shares of said stock, of a par value of \$1,500, stand in the names of qualified directors of the New Orleans, Texas & Mexico Railway Company, making a total of \$15,000,000, par value, of said stock outstanding.

On June 23, 1920, the applicant delivered to the Columbia Trust Company of New York, as trustee, \$280,000, par value, of its 5 per cent noncumulative income bonds, series A, and a due bill representing the right to voting-trust certificates covering 1,750 shares of the New Orleans, Texas & Mexico Railway Company capital stock, of a par value of \$100 per share, in trust, upon the terms and for the uses and purposes set forth in said plan and agreement of reorganization of August 25, 1915. The amount of securities so delivered represents the maximum amount which may, or can, be demanded of applicant if all French and Belgian bondholders deposit their New Orleans, Texas & Mexico division bonds within the time limit aforesaid, or as extended. There were outstanding September 30, 1920, \$482,000 of the New Orleans, Texas & Mexico division bonds held in said foreign countries which remain to be satisfied. The applicant now seeks authority from this Commission to issue its 5 per cent noncumulative income bonds, series A, and for the issue of said voting-trust certificates and the exchange of the same with the French and Belgian bondholders who have deposited or shall deposit their New Orleans, Texas & Mexico division bonds in accordance with the plan and agreement of reorganization.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers.

Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Louisiana, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Railroad Commission or other authority of that state.

Upon consideration of the record, we find that the proposed issue of eight promissory notes to the American Car & Foundry Company; the issue of \$800,000 of first-mortgage 6 per cent gold bonds, and \$530,000 of 5 per cent noncumulative income bonds, and the pledge of said bonds with the Secretary of the Treasury as security for a loan from the United States; the issue of not exceeding \$220,000 of 5 per cent noncumulative income bonds and the delivery of voting-trust certificates representing \$175,000 of capital stock to comply with plan and agreement of reorganization, dated August 25, 1915, and the execution of an agreement by the applicant for the purchase of five locomotives from the War Department of the United States (a) are for lawful objects within the corporate purposes of the New Orleans, Texas & Mexico Railway Company and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public

as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to issue eight promissory notes in the principal amount of \$35,000 each, payable to the order of the American Car & Foundry Company, said notes to bear the date of the average date of delivery of all the cars covered by agreement of conditional sale, dated August 5, 1920, between the New Orleans, Texas & Mexico Railway Company and the American Car & Foundry Company, and to mature respectively 6, 12, 18, 24, 30, 36, 42, and 48 months after date with interest at the rate of 7 per cent per annum, payable semiannually, in accordance with the terms and conditions of said agreement of conditional sale, a copy of which is filed with the application.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to execute, as of the date of June 1, 1920, an agreement for the purchase of five Russian decapod locomotives, bearing numbers 1023, 1025, 1030, 1085, and 1098, from the War Department of the United States, said agreement to provide for the payment of \$2,500 each, upon delivery of the locomotives to the applicant, and the balance in nine equal installments in the amount of \$12,500 each, payable annually, on the 1st day of May in each year, 1921 to 1929, inclusive, with interest thereon at the rate of 6 per cent per annum, payable semiannually.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized (1) to issue as of the date of December 1, 1915, \$800,000 of bonds to be known as the New Orleans, Texas & Mexico Railway Company first-mortgage 6 per cent gold bonds, series A, the same to be issued under and pursuant to, and to be secured by, the first mortgage and deed of trust, dated March 1, 1916, made by the applicant to the Columbia Trust Company of New York, a copy of which is filed with this application, said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of June and the 1st day of December of each year, and the principal of such bonds to be payable October 1, 1925, said bonds to be subject to redemption, and to be regis-

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trable, as provided in the mortgage and deed of trust, and to be issued in the form submitted with the application; (2) to issue as of the date of March 1, 1916, \$530,000, or such an amount as may be required to secure a loan under the Commission's application No. 210-98, if such loan be authorized by the Commission, of bonds to be known as the New Orleans, Texas & Mexico Railway Company 5 per cent noncumulative income bonds, series A, the same to be issued under and pursuant to, and to be secured by, a certain indenture, dated March 1, 1916, made by the New Orleans, Texas and Mexico Railway Company to the Guaranty Trust Company of New York, a copy of which is filed with this application, said bonds to bear such interest at a rate not exceeding 5 per cent per annum, as the board of directors of the said railway company shall ascertain and determine, in accordance with the terms and provisions of the aforesaid indenture; interest to be payable pro rata out of the net income of the railway company from all sources; such interest, when declared, being payable semiannually on April 1 and October 1, in each year, and to be noncumulative from year to year; the principal of said bonds to be payable October 1, 1935; said bonds to be subject to redemption and to be registrable as provided in the indenture, and to be issued in the form submitted with the application; (3) and to pledge \$800,000 of first-mortgage 6 per cent gold bonds, and \$530,000, or such an amount as may be required, of 5 per cent noncumulative income bonds with the Secretary of the Treasury as the security in part for a loan of \$1,759,319, under section 210, of the transportation act, 1920, as amended, should the same be granted upon their separate application therefor; said bonds not to be sold, pledged, repledged, disposed of, or otherwise used for any purpose or in any manner other than authorized in this order.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized (1) to issue, as of the date of March 1, 1916, not exceeding \$280,000 of 5 per cent noncumulative income bonds, series A, the same to mature October 1, 1935, and to be issued under and pursuant to, and to be secured by the indenture, dated March 1, 1916, made by the New Orleans, Texas & Mexico Railway Company to the Guaranty Trust Company of New York, these bonds to be issued in the form submitted with this application; and (2) to assent to and acquiesce in the issue through the voting trustees of the stock of the New Orleans, Texas & Mexico Railway Company, not exceeding \$175,000 of voting-trust certificates representing an equal amount of the capital stock of the New Orleans, Texas & Mexico Railway Company, in accordance with the terms and provisions of the voting-trust agreement, dated March 1, 1916, between the owners of stock in the New Orleans, Texas &

Mexico Railway Company and Willard V. King, N. A. McMillan, and Charles H. Sabin, voting trustees; said bonds and voting-trust certificates to be issued and used for the sole purpose of exchange for the St. Louis & San Francisco Railroad Company's New Orleans, Texas & Mexico division first-mortgage gold bonds deposited with the Columbia Trust Company of New York by French and Belgian holders thereof, in accordance with the terms and provisions of the plan and agreement of reorganization, dated August 25, 1915, under which the New Orleans, Texas & Mexico Railway Company was organized.

It is further ordered, That said applicant shall make report to the Commission of the issue, pledge, and exchange of said bonds and /or voting-trust certificates as herein authorized, within 10 days after the same, or any of them, have been so issued, pledged, or exchanged, such report to be in writing, and verified by an executive officer of the applicant having knowledge of the matters therein set forth.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes or bonds, or interest thereon, or as to said voting-trust certificates, or as to said agreement with the War Department, on the part of the United States.

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FINANCE DOCKET No. 93.

IN THE MATTER OF THE APPLICATION OF THE WISCONSIN & NORTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Submitted January 13, 1921. Decided January 18, 1921.

Authority granted to issue \$49,400 of first-mortgage 6 per cent gold bonds, in accordance with the terms of a certain mortgage and to sell said bonds at not less than 90 per cent of par value

M. J. Wallrich for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Wisconsin & Northern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$49,400 of first-mortgage 6 per cent gold bonds, and to sell the same at not less than 75 per cent of par value.

The five-year 6 per cent first mortgage dated January 16, 1919, made by applicant to the Wisconsin Trust Company, Milwaukee, Wis., trustee, authorizes a total issue of bonds not to exceed \$1,600,000, of which it appears that \$1,550,600 are now outstanding. Bonds issued under the said mortgage are to be in the form and denominations designated in said mortgage, to bear interest at the rate of 6 per cent per annum, and to mature January 16, 1924.

It is proposed to issue and sell said bonds for which authority is asked for the purpose of securing funds with which to defray certain expenses incidental to construction as set forth in the application.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Wisconsin, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Railroad Commission or other authority of that state.

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We find that the issue of said bonds and the sale of same by applicant at not less than 90 per cent of par (*a*) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wisconsin & Northern Railroad Company be, and it is hereby, authorized to issue \$49,400 of first-mortgage 6 per cent gold bonds, under and pursuant to, and to be secured by, the five-year 6 per cent first mortgage, dated January 16, 1919, made by the applicant to the Wisconsin Trust Company, of Milwaukee, Wis., and to sell the same at not less than 90 per cent of par value; the proceeds of said bonds to be used for the purpose of paying for rail and track fastenings, and ties, as set forth in the application, and other proper capital charges.

It is further ordered, That the Wisconsin & Northern Railroad Company shall report to this Commission in writing, signed by one of its executive officers, all pertinent facts relating to the issue and sale of said bonds, and the application of proceeds therefrom until all the bonds shall have been issued and sold, or the proceeds thereof shall have been used; the first report to be made 60 days from the date of this order and subsequent reports every 60 days thereafter.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 919.

IN THE MATTER OF THE APPLICATION OF THE ANN ARBOR RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted January 10, 1921. Decided January 18, 1921.

Application granted in part and loan of \$250,000 approved.

Newman Erb for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Ann Arbor Railroad Company, a carrier by railroad subject to the interstate commerce act, on July 28, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid it in providing itself with additions and betterments to way and structures.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$300,000.
2. That the term for which the loan is desired is five years.
3. That the use to which the loan will be applied is to provide facilities at Toledo, Ohio, which will enable the Pennsylvania Railroad Company to operate through applicant's terminals to a connection with the Pere Marquette Railway at Alexis, Ohio; to provide additional sidetracks and passing tracks at Toledo; to install new turntable at Owosso, Mich.; and to enlarge roundhouses at Toledo, Ohio, and Frankfort, Mich.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the character and value of the security offered are applicant's improvement and extension mortgage 30-year 5-per cent gold bonds, due 1941.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide the aforesaid additions and betterments and thus effect the more expeditious movement of freight traffic.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capital-
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zation, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended that a loan be made to the applicant of \$275,000 to promote the movement of cars.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in amounts as follows:

Purpose.	Cost.	Financed by appli- cant.	Loan by gov- ernment.
Additions and betterments:			
Improvement of and addition to facilities at Toledo, Ohio, in order to enable the Pennsylvania Railroad Company to operate through applicant's terminals at that point to a connection with the Pere Marquette Railway at Alexis, Ohio.....	\$400,000	\$280,000	\$200,000
Three miles of additional siding and passing tracks at Toledo, Ohio.....	50,000	25,000	25,000
New turntable at Owosso, Mich.....	25,000	12,500	12,500
Extension and enlargement of roundhouse at Toledo, Ohio.....	20,000	10,000	10,000
Extension and enlargement of roundhouse at Frankfort, Mich.....	5,000	2,500	2,500
Total.....	500,000	230,000	250,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 61 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$250,000 by the United States to the Ann Arbor Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish

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reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$250,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be secured by the pledge of \$500,000, principal amount, of applicant's improvement and extension mortgage 30-year 5 per cent gold bond, due May 1, 1941, issued under an indenture of mortgage, dated May 1, 1911, executed by the applicant to the Empire Trust Company, of New York, as trustee. Said bond is in temporary form, without coupons, exchangeable for 6 per cent definitive coupon bonds to be issued under a supplemental indenture of mortgage, dated November 1, 1920, executed by the applicant to the Empire Trust Company, of New York, as trustee, amending said indenture of mortgage dated May 1, 1911, hereinabove described. Said temporary bond is numbered 1 and is in a principal amount of \$500,000. Said definitive bonds are to be in denomination of \$1,000, having coupon due May 1, 1921, and subsequent coupons attached, and are to be numbered 1 to 500, inclusive. However, said exchange of bonds shall not be made unless and until the Interstate Commerce Commission further certifies to the Secretary of the Treasury that the issue of said definitive bonds is in accordance with law.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligations evidencing the loan, include matured interest or other income upon such collateral security. The Secretary of the Treasury shall not, prior to default upon the obligations evidencing the loan, collect the interest upon the collateral security, but shall remit to the applicant any such interest paid to him and shall surrender to the applicant the coupons of said bonds as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section

from June 1, 1919, to August 31, 1920, amounting to \$904,000 for additions and betterments to road and equipment, and for retiring outstanding old bonds in the aggregate of \$94,000, as set forth in the application.

Applicant does not contemplate selling the bonds at the present time, but desires to have them authenticated and delivered to it so that they will be available for pledge.

By our amended certificate No. 12, dated January 18, 1921, we approved the making of a loan of \$237,900 to the applicant by the United States under the provisions of section 210 of the transportation act, 1920, as amended, to aid the applicant in procuring equipment. As security for this loan a deposit of \$300,000 of applicant's refunding and general mortgage 6 per cent bonds, series A, will be required.

We are of opinion that the proposed authentication and delivery of the bonds by the trustee to the applicant, and the proposed pledges of the same as security, in whole or in part, for advances to the applicant under section 209 of the transportation act, 1920, or for loans under section 210 of that act, as amended, or for short-term notes, for the issue of which our authority need not first be obtained but which must be covered by certificates of notification as prescribed by paragraph (9) of section 20a of the interstate commerce act, involve an issue of securities within the meaning of that section.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed authentication and delivery by the trustee to the applicant of its refunding and general mortgage 6 per cent bonds, series A, and the proposed pledges of the same as hereinbefore specified, (a) are for lawful objects within the corporate purposes of the applicant and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof,

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made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to procure the authentication and delivery of \$998,000 of its refunding and general mortgage 6 per cent bonds, series A; said bonds to be authenticated and delivered by the trustee to the applicant under and pursuant to the refunding and general mortgage dated April 1, 1919, made by the applicant to the United States Mortgage & Trust Company, in respect of expenditures aggregating \$998,000 for additions and betterments, and for retiring outstanding old bonds as set forth in the application; said bonds to be dated April 1, 1919, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of April and October in each year, and the principal thereof to be payable on the 1st day of April, 1959; said bonds in definitive form to be numbered from 11001 to 11998, inclusive, but any bonds so authenticated and delivered in temporary form prior to the preparation of definitive bonds, to be representative of definitive bonds, to be exchangeable for the definitive bonds which they represent, and to be substantially identical in tenor with the definitive bonds.

It is further ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to pledge and / or repledge, from time to time, part or all of said bonds, when and as necessary, as security in whole or in part for (1) any advance or advances to the applicant under section 209 of the transportation act, 1920; (2) any loan or loans to the applicant from the United States under section 210 of said act, as amended; and (3) any note or notes hereafter issued by the applicant, for the issue of which the authority of this Commission need not be first obtained, but which are required to be reported to the Commission in certificates of notification by paragraph (9) of section 20a of the interstate commerce act, the pledge of said bonds as security for such note or notes to be in the proportion of not exceeding \$120 of bonds for each \$100, face amount, of notes, and the cost to the applicant of such note or notes not to exceed 8 per cent per annum, including interest charges.

It is further ordered, That, except as herein authorized to be pledged and / or repledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant until so authorized by the future order of this Commission.

It is further ordered, That the applicant shall for the period ending June 30, 1921, and for each six months' period thereafter, report to this Commission within 30 days after the close of such periods, all

pertinent facts relating to (1) the authentication and delivery of said bonds as herein authorized; (2) the pledge or repledge of the same from time to time; and (3) the release thereof from pledge; each of said reports to be in writing, signed by an executive officer of the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 1061.

IN THE MATTER OF THE APPLICATION OF THE COON BAYOU & ARKANSAS CITY RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted December 24, 1920. Decided January 19, 1921.

Public convenience and necessity not shown to require construction and operation of a line of railroad in Desha county, Ark. Application denied.

Cockrill & Armistead for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Coon Bayou & Arkansas City Railway Company, a corporation organized for the purpose of engaging in interstate commerce, on October 23, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to construct a line of railroad in Desha county, Ark.

The applicant is a corporation organized under the laws of Arkansas, with a capitalization of \$50,000. Its principal stockholder is the Breece Manufacturing Company, hereinafter termed the Breece Company, which controls a considerable acreage of timber lands in Desha county. It is proposed to construct a new line of railroad about 2 miles in length from a connection with the Missouri Pacific Railroad near McArthur into the timber holdings of the Breece Company; to lease an existing line about 1.3 miles in length extending from a connection with the Missouri Pacific some 3 miles north of McArthur, and to acquire trackage rights over the Missouri Pacific to operate trains from the new and leased lines into Arkansas City, a distance of 23.6 miles.

The short line to be leased was built in 1920 by the Arko Lumber Company, which is controlled by the Breece Company. The proposed lease includes 1 locomotive and 40 cars owned by the Arko Company, as well as the 1.3 miles of track, which has not heretofore been operated. The right of way for the new line is to be deeded to applicant by the Breece Company.

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The object of the plan is to provide facilities for hauling logs from the holdings of the Breece Company to Arkansas City for manufacture, the Missouri Pacific being the only line of railroad reaching that city. It is stated that the Missouri Pacific has no equipment available for carrying the traffic, but will permit the applicant to run its trains into Arkansas City over the 23.6 miles of line. Applicant further states that by building its line and operating as a common carrier it will become subject to the state and federal laws governing common carriers. It does not appear that there is any diversity of ownership of the timber lands or that any person or corporation except the Breece Company is interested in the timber to be handled by the proposed arrangement. There is no commodity available for shipment other than timber products. No station is to be established on the new line or on the 1.3 miles of line to be leased. The applicant states that it is not practicable to furnish an estimate of the cost of the new work, but that the line will be operated for a period of two years and then abandoned, whereupon the right of way is to revert to the Breece Company; that the trackage agreement will also terminate at the end of that period; and further, that no divisions in rates will be asked for.

It thus appears that there is no public interest or transportation need to be served by the proposed arrangement. On the other hand, no reason is apparent why the Breece Company can not provide its own privately owned and operated facilities with which to deliver its product to the rails of the Missouri Pacific for transportation to the mills at Arkansas City. It is obvious that the need is not for a line of railroad operated by a common carrier for the benefit of the public, but for a plant facility for the benefit of the Breece Company alone. The bare statement of fact that the Missouri Pacific at the present time has insufficient equipment to handle the traffic can not be taken as establishing that the services of another carrier are necessary.

We are, therefore, unable to find, upon the record presented, that the present or future public convenience and necessity require or will require the construction of the line in question, the lease of the existing line, or the operation by the applicant of its trains over the line of the Missouri Pacific. An order will accordingly be entered denying the application.

ORDER.

The above-entitled matter having been duly considered after due notice to the governor of the state of Arkansas and publication of

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like notice for three consecutive weeks in a newspaper of general circulation in each county in or through which the applicant desires to construct and operate said line of railroad, and the Interstate Commerce Commission, by Division 4, having, on the 19th day of January, 1921, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

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FINANCE DOCKET No. 86.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND EXCHANGE REFUNDING AND GENERAL MORTGAGE BONDS AND TO PLEDGE BONDS.

Submitted October 5, 1920. Decided January 20, 1921.

Authority granted the Baltimore & Ohio Railroad Company (1) to issue \$3,000,000 of refunding and general mortgage bonds, series B, and to exchange the same for an equivalent amount of refunding and general mortgage bonds, series A, and (2) to pledge \$3,000,000 of refunding and general mortgage bonds, series A, and \$10,000,000 refunding and general mortgage bonds, series B, with the Director General of Railroads.

H. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4.

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue \$3,000,000 of its refunding and general mortgage series-B 5 per cent bonds, for the purpose of retiring by exchange an equivalent principal amount of its refunding and general mortgage series-A 5 per cent bonds; and (2) to pledge \$3,000,000 of its refunding and general mortgage bonds, series A, and \$10,000,000 of its refunding and general mortgage bonds, series B, as security for its promissory note to be issued to the Director General of Railroads, in the sum of \$9,000,000.

Under the terms of a contract, dated September 16, 1920, between the Director General of Railroads and the applicant, to fund a general balance of \$9,000,000 due to the United States growing out of the operation of the applicant's properties during federal control, pursuant to section 207 of the transportation act, 1920, the applicant has issued its note, dated March 1, 1920, in the sum of \$9,000,000, payable to the Director General of Railroads 10 years after date, with interest at 6 per cent per annum, payable semiannually; and, as collateral security to said note, the Director General has agreed to accept \$10,000,000 of applicant's refunding and general

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mortgage series-B 6 per cent bonds; \$3,000,000 of applicant's refunding and general mortgage series-A 5 per cent bonds; and \$2,200,000 of the Sandy Valley & Elkhorn Railway Company's refunding and general mortgage 5 per cent bonds.

Of applicant's first and refunding mortgage series-A 5 per cent bonds, \$6,000,000 were issued prior to June 27, 1920, and have been held by the Director General of Railroads as security for advances for account of compensation, since adjusted, and are now held by the Director General as security for advances in anticipation of settlement with applicant.

Of these series-A 5 per cent bonds, \$3,000,000 have been so held by the Director General since July 1, 1918, and are of the estimated value of \$2,100,000. Applicant's refunding and general mortgage provides that these series-A 5 per cent bonds may be canceled and retired by the issue in exchange therefor of an equivalent amount of series-B 6 per cent bonds. In order to obtain a higher value for the purpose of pledge, applicant desires to cancel and retire this \$3,000,000 of series-A 5 per cent bonds, and seeks authority to issue in exchange and to pledge with the Director General \$3,000,000 of its series-B 6 per cent bonds, which will have an estimated value of \$2,400,000.

In addition to this \$3,000,000 of series-B 6 per cent bonds proposed to be issued in exchange for series-A 5 per cent bonds, applicant seeks authority to pledge with the Director General \$7,000,000 of its series-B 6 per cent bonds, the issue of which has been heretofore authorized by us, in order to comply with its agreement to pledge \$10,000,000 of series-B 6 per cent bonds as a part of the collateral specified in the above-mentioned contract.

The remaining \$3,000,000 of series-A 5 per cent bonds have been held by the Director General as aforesaid since April 1, 1920. Authority is sought to pledge these bonds with the Director General as a part of the collateral specified in said contract.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of \$3,000,000 of refunding and general mortgage bonds, series B, in exchange for, and upon the cancellation of an equivalent amount of refunding and general mortgage bonds, series A, and the proposed pledge with the Director

General of Railroads of \$10,000,000 of refunding and general mortgage bonds, series B, and of \$3,000,000 of refunding and general mortgage bonds, series A, (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized, upon the surrender and cancellation of \$3,000,000 of its refunding and general mortgage bonds, series A, now held as security by the Director General of Railroads, to issue, in exchange therefor not to exceed \$3,000,000 of its refunding and general mortgage bonds, series B, subject to and in accordance with the terms and conditions of its refunding and general mortgage, dated December 1, 1915, to the Central Trust Company of New York (now the Central Union Trust Company of New York) and James N. Wallace, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st days of February and August in each year at the rate of 6 per cent per annum, and to be redeemable on or after June 1, 1925, at a premium of 5 per cent of par value thereof.

It is further ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to pledge with the Director General of Railroads \$3,000,000 of its refunding and general mortgage bonds, series B, herein authorized to be issued, \$7,000,000 of its refunding and general mortgage bonds, series B, heretofore authorized by this Commission to be nominally issued and held in its treasury, and \$3,000,000 of its refunding and general mortgage bonds, series A, now held as security by the Director General of Railroads, all of such bonds to be pledged as collateral security to its note in the sum of \$9,000,000, to be executed in accordance with the terms of an agreement dated September 16, 1920, between it and the Director General of Railroads, to fund a general balance of \$9,000,000, due to the United States growing out of the operation of its prop-

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erties during federal control, pursuant to section 207 of the transportation act, 1920, said note to be dated March 1, 1920, and to be payable to the Director General of Railroads 10 years after date with interest at 6 per cent per annum payable semiannually.

It is further ordered; That the bonds herein authorized to be pledged, or issued and pledged, shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the Baltimore & Ohio Railroad Company shall make report to this Commission within 10 days thereafter (1) of the surrender and cancellation of any of said refunding and general mortgage bonds, series A; (2) of the issue of any of said refunding and general mortgage bonds, series B; (3) of the pledge of any of said refunding and general mortgage bonds; and (4) of the payment, redemption, discharge, or release from pledge, respectively, thereof.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said bonds, or interest thereon.

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FINANCE DOCKET No. 139.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
FOURCHE RIVER VALLEY & INDIAN TERRITORY
RAILWAY COMPANY UNDER SECTION 204 OF THE
TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided January 20, 1921.

1. The Fourche River Valley & Indian Territory Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Fourche River Valley & Indian Territory Railway Company, under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$73,832.18, from which there is deductible an amount of \$10,565.89 due from said Fourche River Valley & Indian Territory Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

N. P. Bigelow for carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fourche River Valley & Indian Territory Railway Company, hereinafter termed the carrier, a corporation of the state of Arkansas, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Bigelow and Thornburg, Ark., a distance of approximately 19 miles, its lines connecting at Bigelow with the Chicago, Rock Island & Pacific Railway, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$85,615.93, whereas our examination of the accounts shows the correct amount for that period to be \$75,971.56. The average

mileage of road operated was 19 miles during the federal control period and 18.17 miles during the test period.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we find it necessary to disallow \$2,639.40 of the maintenance charge.

We find a net credit of \$73,332.16 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$10,565.89 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-29 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained from annual and special reports made to it by the Fourche River Valley & Indian Territory Railway Company, a carrier as defined in section 204, that the Fourche River Valley & Indian Territory Railway Company sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 there is payable to the said Fourche River Valley & Indian Territory Railway Company the sum of \$73,332.16.

The Commission also hereby certifies that there is an amount of \$10,565.89 due from the said Fourche River Valley & Indian Territory Railway Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

Dated this 20th day of January, 1921.

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FINANCE DOCKET No. 1041.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN ACQUIRING EQUIPMENT.

Submitted November 2, 1920. Decided January 20, 1921.

Application granted in part and loan of \$3,825,000 approved.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Southern Railway Company, a carrier by railroad, subject to the interstate commerce act, on October 28, 1920, made application to the Interstate Commerce Commission for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid it in providing itself with new equipment.

In the application the applicant sets forth:

1. That the amount of the loan desired is 30 per cent of the estimated cost of said equipment.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in providing itself with new equipment, as follows:

New equipment.	Estimated cost.	Financed by applicant.	Loan from United States.
50 Santa Fe engines, at \$30,000 each, or 60 milkado engines at \$75,000 each	\$4,500,000	\$3,150,000	\$1,350,000
50 all-steel passenger coaches, at \$35,000 each	1,750,000	1,225,000	525,000
50 all-steel baggage and mail cars, at \$25,000 each	1,250,000	875,000	375,000
3,000 40-ton box cars with steel center sills, at \$2,750 each	8,230,000	5,775,000	2,475,000
Total	15,730,000	11,025,000	4,725,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is applicant's development and general mortgage 4 per cent bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to supply

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a deficiency in its equipment, both passenger and freight, and thus enable it more expeditiously to serve the transportation needs of the public.

The application was accompanied by such facts in detail as the Commission required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as the Commission deemed pertinent to the inquiry.

That part of the application in respect of passenger-train equipment will be considered separately.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in amounts as follows:

New equipment.	Estimated cost.	Financed by applicant.	Loan by United States.
50 Santa Fe engines, at \$90,000 each, or 60 mikado engines, at \$75,000 each.....	\$4,500,000	\$3,150,000	\$1,350,000
3,000 40-ton box cars with steel center sills, at \$2,750 each.....	8,250,000	8,775,000	2,475,000
Total.....	12,750,000	8,925,000	3,825,000

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 65 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$3,825,000 by the United States to the Southern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with new freight-train equipment, is necessary to enable the applicant properly to meet the transportation needs of the public.

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2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$3,825,000.

4. That the time from the making thereof within which the loan is to be repaid in full in 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be repaid in 15 equal annual installments of \$255,000, consecutively, in 1 to 15 years from the making thereof, and shall be secured by the pledge of \$7,229,000, principal amount, of applicant's development and general mortgage 50-year 4 per cent series-A gold bonds, due 1956. Said bonds are issued under an indenture of mortgage dated April 18, 1906, executed by the applicant to the Standard Trust Company of New York, as trustee, are in definitive coupon form, having coupon due April 1, 1921, and subsequent coupons attached, are in denomination of \$1,000 and are numbered 109,054 to 110,253, inclusive, and 110,354 to 116,382, inclusive.

(b) The collateral security for the loan shall not, so long as there shall be no default upon the obligations evidencing the loan, include matured interest upon such collateral security, and the Secretary of the Treasury shall not, prior to default upon the obligations evidencing the loan, collect upon the coupons of said bonds, but shall surrender such coupons to the applicant as they mature.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 22d day of January, 1921, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that

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the cost to it of any loans secured from sources other than the United States shall not exceed 7 per cent per annum, including in such costs, discounts, attorneys' fees, and any and all other expenses in connection with said loans. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 22d day of January, 1921.

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FINANCE DOCKET No. 1065.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND IMPROVEMENT MORTGAGE BONDS AND TO PLEDGE BONDS AS SECURITY.

Submitted October 29, 1920. Decided January 20, 1921.

Authority granted to issue \$7,000,000 of 6 per cent refunding and improvement mortgage bonds, series B, and to pledge them with the Director General of Railroads as security for a demand note for a like amount.

John K. Graves, for applicant.

REPORT OF THE COMMISSION

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue not exceeding \$7,000,000 of refunding and improvement mortgage bonds, series B; and (2) to pledge said bonds as security for the payment of the applicant's 6 per cent demand promissory note for a like amount, to be dated October 25, 1920, and to be payable to the order of the Director General of Railroads or such other payee as he may designate. This note is to be given to the Director General of Railroads in payment of the applicant's indebtedness to the United States for additions and betterments costing \$7,000,000, made to the property of the applicant or its leased lines during federal control. These additions and betterments and the cost thereof are set forth in a schedule filed with the application. It is noted that the details show expenditures of an even \$7,000,000. In explanation of this, applicant states that in capitalizing expenditures, the expenditures upon the same project or item of work are often divided so that different portions of the expenditures are made the basis for different capital issues.

The bonds are to be dated April 1, 1920, to mature October 1, 1923, to bear interest at the rate of 6 per cent per annum, payable semi-annually, and to be issued under and secured by the refunding and improvement mortgage dated October 1, 1918, made by the ap-

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plicant's predecessor, the New York Central & Hudson River Railroad Company, to the Guaranty Trust Company of New York, and assumed by applicant by a supplemental indenture dated June 15, 1915. The mortgage and supplemental indenture, copies of which have been heretofore filed with us (Finance Docket No. 39), authorized the issue of bonds in an aggregate amount not exceeding three times the applicant's outstanding capital stock, which limit will not be exceeded by the proposed issue of bonds. The series-B bonds for the issue of which authority is asked are to be issued under section 5 of article 4 of said mortgage, which, among other things, provides for the issue of bonds for additions and betterments on owned or leased lines of railroad and for paying or refunding any indebtedness incurred for such purposes.

The application was made under oath, signed and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with the governors of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of the states of Ohio and Michigan have been filed by the public utilities commissions of those states, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain named states, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer on behalf of Michigan also asserts that such state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities may take place. We are of opinion that we have jurisdiction.

No objection to the granting of the application has been offered by any state authority other than as stated for Ohio and Michigan.

We find that the proposed issue and pledge of refunding and improvement mortgage bonds, series B, by the applicant (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform

that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York Central Railroad Company be, and it is hereby, authorized (1) to issue as of the date of April 1, 1920, \$7,000,000 of refunding and improvement mortgage bonds, series B, to be payable October 1, 2013, to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st day of April and the 1st day of October in each year, to be in the forms (coupon or registered) submitted with the application, and to be issued under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, made by the applicant's predecessor, the New York Central & Hudson River Railroad Company, to the Guaranty Trust Company of New York, and assumed by the applicant by a supplemental indenture dated June 15, 1915; said bonds to be registrable, exchangeable, and redeemable, as in said mortgage provided; and (2) to pledge such bonds as collateral security for the applicant's promissory note for \$7,000,000 payable to the order of the Director General of Railroads (or such other payee as he may designate), to be dated October 25, 1920, and to be payable on demand with interest at the rate of 6 per cent per annum.

It is further ordered, That the bonds herein authorized to be pledged shall not, until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the applicant shall report to this Commission all pertinent facts relating to (1) the issue and pledge of the bonds as herein authorized within 10 days after the same shall have been so issued and pledged; and (2) the release of said bonds from such pledge within 10 days after the bonds or any of them shall have been so released; said reports to be in writing, and signed by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1135.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND SELL EQUIPMENT NOTES.

Submitted January 15, 1921. Decided January 20, 1921.

Authority granted to issue \$225,000 of 6 per cent marine-equipment gold notes under a certain proposed agreement of conditional sale, and to sell the same at not less than par and accrued interest.

Lawrence Greer and George P. Bagby for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Western Maryland Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to issue \$225,000 of 6 per cent marine-equipment gold notes under and pursuant to, and to be secured by, a certain agreement of conditional sale proposed to be executed between the applicant and the Maryland Trust Company, trustee, and to sell the same at par for the purpose of obtaining funds to cover the construction and delivery to the applicant of one three-track steel car float, 26-car capacity.

The applicant handles coal and limestone, produced largely on its own lines of railroad, and other freight consigned to the Bethlehem Steel Company at Sparrow's Point and to other industries along the Baltimore harbor. This traffic is forwarded by car floats from the applicant's freight terminal at Port Covington, and through the terminals of the Baltimore & Ohio and Pennsylvania railroad companies at Baltimore. It appears that present equipment of the applicant for this purpose comprises eight small wooden floats of from six-car to eight-car capacity, and that the terminals of the other roads are already taxed beyond capacity. In order to provide equipment adequate partially to relieve terminals of the other roads and to care for an increased volume of business, the applicant on June 1, 1920, entered into a contract with the Bethlehem Shipbuilding Corporation, Limited, for the construction of the aforesaid car float at a price of \$210,000, payable on delivery at the plant of the builder at Elizabeth, N. J. Towage to Port Covington, marine insurance, inspection, and

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incidental expenses are estimated to amount to \$15,000, so that the total cost of the float will approximate \$225,000.

Title to the float is to be conveyed by the builder to the trustee by bill of sale. Under the terms of the proposed agreement of conditional sale, a copy of which has been submitted with the application, the trustee will resell and deliver the float to the applicant upon the contingencies specified therein. It is provided that title to the float shall be retained by the trustee for the equal benefit of holders of notes proposed to be issued thereunder until the same have been fully satisfied both as to principal and interest.

It is proposed that the applicant issue as of the date of execution and delivery of said agreement, 12 marine-equipment gold notes, aggregating \$225,000; to be numbered from 1 to 12 in the order of dates of maturity. The first three notes are to be for \$15,000 each, maturing respectively three, six, and nine months after date. The remaining nine notes are to be for \$20,000 each, maturing successively at intervals of three months after the maturity of the third note. The notes will bear interest at the rate of 6 per cent per annum, payable quarterly. Arrangements have been made to sell the notes at par without cost to the applicant for commissions, fees, or other expenses.

The application was made under oath, signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and sale of \$225,000 of 6 per cent marine-equipment gold notes by the Western Maryland Railway Company (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

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It is ordered, That the Western Maryland Railway Company be, and it is hereby, authorized (1) to issue 12 marine-equipment gold notes of the aggregate amount of \$225,000, under and pursuant to, and to be secured by, a certain agreement of conditional sale to be executed by the applicant and delivered to the Maryland Trust Company, trustee, each of the notes to be dated as of the date of the execution of said agreement, and to bear interest at the rate of 6 per cent per annum, payable quarterly; the first three of said notes to be in the sum of \$15,000 each, and the remaining nine notes to be in the sum of \$20,000 each; said notes to mature successively at quarterly intervals after the date hereof as shown in the application and specified in the copy of the proposed agreement of conditional sale filed therewith; and (2) to sell said marine-equipment gold notes at not less than par and accrued interest, without cost to the applicant for commissions, fees, or other expense; the proceeds of such sale or sales to be used in procurement of one three-track steel car float, 26-car capacity, and delivery of the same to the applicant, subject to the terms and conditions of the agreement with the trustee as aforesaid.

It is further ordered, That within 10 days after the execution and delivery of the agreement of conditional sale, there shall be filed with the Commission a verified copy of the same in the form in which executed and delivered.

It is further ordered, That applicant shall, for the period ending June 30, 1921, and for each six months' period thereafter, report to the Commission within 30 days after the close of said periods all pertinent facts relating to (1) the issue of said notes and the use of the proceeds thereof, and (2) the payment and satisfaction of such notes; each report to be in writing and signed by an executive officer of the applicant having knowledge of the facts and verified by his oath and to be made periodically, as herein required, until all of the notes shall have been paid or otherwise satisfied.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said marine-equipment gold notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 95.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY AND ITS SUBSIDIARIES FOR AUTHORITY TO ISSUE BONDS.

Submitted October 16, 1920. Decided January 21, 1921.

Authority granted the Baltimore & Ohio Railroad Company to nominally issue and hold in its treasury \$2,744,000 of its refunding and general mortgage bonds, series B.

Authority granted, respectively, to the subsidiaries of the Baltimore & Ohio Railroad Company herein named, to issue and deliver their bonds to the Baltimore & Ohio Railroad Company's nominees, in payment for additions, improvements, and betterments, in the respective amounts stated, viz. Schuylkill River East Side Railroad Company, \$678,500; Baltimore & Philadelphia Railroad Company, \$2,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$83,500; Wheeling, Pittsburgh & Baltimore Railroad Company, \$63,500; Fairmont, Morgantown & Pittsburg Railroad Company, \$8,000; Pittsburg & Western Railroad Company, \$51,000; Pittsburgh Junction Railroad Company, \$562,000; Baltimore & Ohio & Chicago Railroad Company, \$51,000; and Baltimore & Ohio Southwestern Railroad Company, \$360,000.

H. R. Preston, for applicant and subsidiaries.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER
BY DIVISION 4.

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, applies for authority under section 20a of the interstate commerce act to nominally issue and hold in its treasury, until authorized by us to dispose thereof, \$2,744,000 of its refunding and general mortgage bonds, series B.

For the purpose of affording additional collateral security to these refunding and general mortgage bonds, series B, as recited in its refunding and general mortgage, and as provided in the underlying mortgages of its subsidiary companies, applicant also seeks, on behalf of these subsidiary companies, hereinafter called the subsidiaries, each of which is a common carrier by railroad engaged in interstate commerce, authority, for each respectively, to issue and deliver its bonds to applicant's nominee in accordance with the terms of the

65 I. C. C.

mortgage securing them. Each of the subsidiaries also, by intervening petition, applies for authority under section 20a of the interstate commerce act to issue bonds in the respective amounts hereinafter stated, to be delivered at their face amount to applicant's nominee, in recoupment of advances made by applicant to the subsidiaries respectively, for additions, extensions, and betterments to their railroad properties. The names of the subsidiaries and the amounts of bonds to issue which authority is respectively sought by each are Schuylkill River East Side Railroad Company, \$678,500; Baltimore & Philadelphia Railroad Company, \$2,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$83,500; Wheeling, Pittsburgh & Baltimore Railroad Company, \$63,500; Fairmont, Morgantown & Pittsburg Railroad Company, \$8,000; Pittsburg & Western Railroad Company, \$51,000; Pittsburgh Junction Railroad Company, \$562,000; Baltimore & Ohio & Chicago Railroad Company, \$51,000; and Baltimore & Ohio Southwestern Railroad Company, \$360,000.

The subsidiaries are all operated by applicant, which controls them by stock ownership. They are financed with refunding and general mortgages, or improvement mortgages, under the terms of which bonds may be issued for additions, improvements, and betterments. In practice applicant makes these capital expenditures upon the properties of the subsidiaries, and underlying bonds of the subsidiaries are delivered to applicant's nominee in reimbursement of such expenditures. Applicant's refunding and general mortgage provided that additional bonds may be issued to reimburse its treasury for subsequent expenditures for additions, improvements, and betterments, and when such expenditures are made on the properties of subsidiaries, that the bonds issued by the subsidiaries in payment therefor shall be pledged with the trustees under said mortgage or with the trustees under prior mortgages recited therein and as provided by the underlying mortgages, thus transmuting the security of the underlying mortgages to the bonds issued under the now outstanding mortgages of the parent company.

The entire addition to outstanding securities is the \$2,744,000 of refunding and general mortgage bonds, series B, for which authority is sought, all bonds of the subsidiaries proposed being primarily or secondarily collateral thereto.

The aggregate amount of underlying bonds proposed to be issued by the subsidiaries is \$1,860,000, which is represented by expenditures by them severally charged to investment in road and equipment under our classification of accounts, such charges in each case exceeding the amount of bonds to be issued. These bonds are subsidiary

and not in addition to the \$2,744,000 of bonds which applicant seeks authority to issue. Of that amount, \$1,860,000 is covered by the above-mentioned underlying bonds of subsidiaries, leaving \$884,000, to capitalize charges to investment in road and equipment by applicant on its own property, for or on account of which bonds have not heretofore been issued. Such charges are in excess of the amount of bonds to be issued against them.

The application and each intervening petition was made under oath, signed, and filed on behalf of the applicant and of the interveners, respectively, by an executive officer duly designated for that purpose. Notice of the filing of the application has been given to, and a copy filed with, the governor of each of the states in which applicant or the interveners operate. No objection to the granting of the application has been filed by any state authority.

Upon consideration of the record, we are of opinion and find: That the proposed nominal issue by the applicant, the Baltimore & Ohio Railroad Company, of \$2,744,000 of its refunding and general mortgage bonds, series B, to be held in its treasury until disposition thereof is authorized by us; and the proposed issue by the subsidiaries of their refunding and general mortgage bonds or improvement mortgage bonds, as the case may be, to be delivered to applicant's nominee in recoupment of advances made by applicant, in amounts, respectively, as follows: Schuylkill River East Side Railroad Company, \$678,500; Baltimore & Philadelphia Railroad Company, \$2,500; Baltimore & Ohio Railroad Company in Pennsylvania, \$83,500; Wheeling, Pittsburgh & Baltimore Railroad Company, \$63,500; Fairmont, Morgantown & Pittsburgh Railroad Company, \$8,000; Pittsburgh & Western Railroad Company, \$51,000; Baltimore & Ohio Southwestern Railroad Company, \$360,000; Pittsburgh Junction Railroad Company, \$562,000; and Baltimore & Ohio & Chicago Railroad Company, \$51,000; (a) are for lawful objects within the corporate purposes of the applicant and the subsidiaries, respectively, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the applicant and by each of the subsidiaries of service to the public as a common carrier, and which will not impair the ability of any of them to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and

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conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to nominally issue for the purpose of reimbursing its treasury for expenditures on additions, improvements, and betterments to its own properties or the properties of its subsidiaries, not to exceed \$2,744,000 of its refunding and general mortgage bonds, series B, subject to and in accordance with the terms and conditions of its refunding and general mortgage dated December 1, 1915, to the Central Trust Company of New York (now the Central Union Trust Company of New York), and James N. Wallace, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of February and August in each year, at the rate of 6 per cent per annum, and to be redeemable on or after June 1, 1925, at a premium of 5 per cent of par value thereof, and when so issued, to be held in the treasury of the Baltimore & Ohio Railroad Company.

It is further ordered, That the Schuylkill River East Side Railroad Company be, and it is hereby, authorized to issue not to exceed \$678,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated December 10, 1915, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1965, to bear interest payable semiannually on the 1st day of June and December of each year, at the rate of 5 per cent per annum, and when so issued to deliver said bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's first mortgage, securing $4\frac{1}{2}$ per cent terminal gold bonds, dated June 30, 1894, to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Baltimore & Philadelphia Railroad Company be, and it is hereby, authorized to issue not to exceed \$2,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1995, to bear interest

payable seminannually on the 1st day of June and December of each year at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in the mortgage, to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Baltimore & Ohio Railroad Company in Pennsylvania be, and it is hereby, authorized to issue not to exceed \$88,500 of its improvement mortgage bonds, subject to and in accordance with the terms and conditions of its improvement mortgage, dated December 1, 1916, to the Maryland Trust Company, trustee, said bonds to mature December 1, 1935, to bear interest payable seminannually on the 1st day of June and December of each year, at the rate of 5 per cent per annum, and when so issued, to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in the mortgage to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898; to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Wheeling, Pittsburgh & Baltimore Railroad Company be, and it is hereby, authorized to issue not to exceed \$68,500 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1935, to bear interest payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in the mortgage, to the Bankers Trust Company, trustee under the Baltimore & Ohio Railroad Company's prior-lien mortgage, dated July 1, 1898 to the United States Trust

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Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Fairmont, Morgantown & Pittsburg Railroad Company be, and it is hereby, authorized to issue not to exceed \$8,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September of each year, at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in the mortgage to the United States Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Pittsburg & Western Railroad Company be, and it is hereby, authorized to issue not to exceed \$51,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh, Lake Erie & West Virginia system refunding mortgage dated November 1, 1901, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Pittsburgh Junction Railroad Company be, and it is hereby, authorized to issue not to exceed \$562,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage, dated March 1, 1915, to the Maryland Trust Company, trustee, said bonds to mature March 1, 1965, to bear interest payable semiannually on the 1st day of March and September in each year at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh, Lake Erie & West Virginia system refunding mortgage dated November 1, 1901; to the Central Union Trust Company of New York, trustee under the Baltimore & Ohio Railroad Company's Pittsburgh Junction & Middle Division first mortgage, dated November 1, 1898; and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the Baltimore & Ohio & Chicago Railroad Company be, and it is hereby, authorized to issue not to exceed \$51,000 of its refunding and general mortgage bonds, subject to and in accordance with the terms and conditions of its general and refunding mortgage dated December 1, 1916, to the Girard Trust Company and William N. Ely, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of June and December in each year at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the United State Trust Company of New York and John A. Stewart, trustees under the Baltimore & Ohio Railroad Company's first mortgage, dated July 1, 1898, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, that the Baltimore & Ohio Southwestern Railroad Company be, and it is hereby, authorized to issue not to exceed \$360,000 of its improvement mortgage bonds, subject to and in accordance with the terms and conditions of its improvement mortgage dated May 1, 1917, to the Girard Trust Company and

William N. Ely, trustees, said bonds to mature December 1, 1995, to bear interest payable semiannually on the 1st day of May and December in each year at the rate of 5 per cent per annum, and when so issued to deliver such bonds upon the order of the Baltimore & Ohio Railroad Company, as provided in said mortgage, to the Farmers Loan & Trust Company, trustee under the Baltimore & Ohio Railroad Company's Southwestern Division first mortgage, dated January 1, 1899, and to the Central Union Trust Company of New York and James N. Wallace, trustees under the Baltimore & Ohio Railroad Company's refunding and general mortgage, dated December 1, 1915, as their respective interests may appear, in accordance with the terms and conditions of the mortgage under which the bonds are to be issued.

It is further ordered, That the bonds herein authorized to be issued, shall not, unless and until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the Baltimore & Ohio Railroad Company shall make report to the Commission of the nominal issue of said refunding and general mortgage bonds, series B, as herein authorized, within 10 days after the same or any of them shall have been so nominally issued; and that the Schuylkill River East Side Railroad Company, the Baltimore & Philadelphia Railroad Company, the Baltimore & Ohio Railroad Company in Pennsylvania, the Wheeling, Pittsburgh & Baltimore Railroad Company, the Fairmont, Morgantown & Pittsburg Railroad Company, the Pittsburg & Western Railroad Company, the Pittsburg Junction Railroad Company, the Baltimore & Ohio & Chicago Railroad Company, and the Baltimore & Ohio Southwestern Railroad Company shall each make report to this Commission of the issue and delivery of the bonds to be issued and delivered by each of them, as herein authorized, within 10 days after the same or any of them shall have been so issued and delivered, and of the payment, redemption, discharge, or release from pledge, respectively, of the same, within 10 days after they, or any of them, shall have been so paid, redeemed, discharged, and released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said bonds, or interest thereon.

65 I. C. C.

FINANCE DOCKET No. 52.

IN THE MATTER OF THE APPLICATION OF THE UNITED
RAILWAYS COMPANY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY.

Submitted December 31, 1920. Decided January 22, 1921.

Certificate issued authorizing the abandonment of operation of a line of railroad in Multnomah and Washington counties, Oreg.

Cary & Kerr for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The United Railways Company, a carrier by railroad subject to the interstate commerce act, on August 31, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to abandon its line of railroad situated in Multnomah and Washington counties, Oreg.

An application was filed at the same time by the Portland, Astoria & Pacific Railroad Company, herein termed the Portland, for a certificate that the present or future public convenience and necessity require or will require the acquisition and operation by it of the same line of railroad. The two cases were considered together. The main factor relied upon to support an authorization for abandonment of operation by the applicant is the fact that the line is to be operated by the Portland.

The line in question extends from a connection with the Spokane, Portland & Seattle Railway at Linnton, a suburb of Portland, in Multnomah county, to Burlington, and thence to Wilkesboro, in Washington county, a distance of 18.64 miles. The capital stock of the applicant is owned by the Spokane, Portland & Seattle Railway Company. The applicant was organized in 1906 and purchased the property at public sale from the Oregon Traction Company. The line was electrically operated between Portland and Wilkesboro up to 1915, but in April of that year the applicant was compelled by the county of Multnomah to take up its track between Oilton and Linnton, a distance of 4 miles, whereupon the present connection with the Spokane, Portland & Seattle Railway was established. Since that time there has been no connection in the city of Portland be-

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tween the line involved in this proceeding and the remainder of the applicant's lines.

The outstanding indebtedness of the applicant is secured by a mortgage covering the line in question, but the security thereof will not be impaired by the abandonment of operation, inasmuch as title to the line will still remain in the applicant and the net income received under the proposed lease hereinafter referred to will exceed the amount heretofore realized from the operation of the property.

The line connects at Wilkesboro with a line recently built by the Portland and extending into the timber holdings of the Eccles estate, which owns the capital stock of the Portland. The Portland desires to make use of applicant's line in order to obtain connection at Linnton with the Spokane, Portland & Seattle Railway. A contract has been entered into for a term of 99 years, whereby the Portland is to take over the property and operate its trains over it at an annual rental of \$45,000. All service heretofore performed by the applicant will be rendered by the Portland as lessee, and thus no shipper or user of the line will be affected by the change of control. The proposed arrangement, however, will obviate the necessity of constructing a new line from Wilkesboro to handle the Portland's traffic. A large part of such traffic will originate on the Portland's rails, and for that reason it desires to control the entire movement to the connection at Linnton. The applicant, on the other hand, has experienced deficits in operation in the past, and will find itself in a more favorable financial position with the carrying out of the proposed plan.

The nature and volume of the traffic and the ability of the Portland to conduct the operation of the applicant's line and meet its obligations under the contract are considered in our report in the companion case, decided herewith.

Inasmuch as the same quantum of service will be available to the public through operation of the line by the Portland, we find that public convenience and necessity permit the abandonment of operation of such line by the applicant. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 31st day of August, 1920, the United Railways Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate of public convenience and necessity to abandon operation of a line of railroad in the state of Oregon, pursuant to the provisions
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of paragraphs (18), (19), (20), and (21) of section 1 of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy thereof filed with, the governor of the state of Oregon; and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in which said line of railroad is situated;

That thereafter the applicant made due return to the questionnaire, showing the facts and circumstances with respect to such proposed abandonment;

That thereupon the case was submitted for decision upon such return and upon the recommendation of the Public Service Commission of Oregon that the application be granted;

That on the 22d day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth,

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity permit the abandonment of the operation by the applicant of its line of railroad extending from Linnton, Multnomah county, to Wilkesboro, Washington county, state of Oregon.

Said United Railways Company is hereby authorized to abandon the operation of its said line, this authorization, however, to be contingent upon the continued operation of such line by the Portland, Astoria & Pacific Railroad Company, or its successors in interest.

Said United Railways Company, when filing schedules canceling tariffs as to said line of railroad, shall refer to this certificate by title, date, and docket number.

65 I. C. C.

FINANCE DOCKET No. 53.

IN THE MATTER OF THE APPLICATION OF THE PORTLAND, ASTORIA & PACIFIC RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted December 31, 1920. Decided January 22, 1921.

Certificate issued authorizing the acquisition and operation of a line of railroad in Multnomah and Washington counties, Oreg.

Cary & Kerr for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Portland, Astoria & Pacific Railroad Company, a carrier by railroad subject to the interstate commerce act, on August 31, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to acquire and operate a line of railroad owned by the United Railways Company, situated in Multnomah and Washington counties, Oreg.

An application was filed at the same time by the United Railways Company for permission to abandon the operation of the same property, and the two cases were considered together.

The applicant is a corporation organized July 28, 1919, and engaged in the construction and operation of a line of railroad from Wilkesboro, Washington county, Oreg., into extensive timber holdings of the Eccles estate, in the counties of Washington, Columbia, and Clatsop. Logging operations are under way in this territory and the product is to be moved over the applicant's rails to Wilkesboro and thence over the line of the United Railways to boomage grounds on the Willamette River and to a connection with the Spokane, Portland & Seattle Railway at Linnton for transshipment to eastern markets. The applicant now has no access to these points except over the United line, which is 18.64 miles in length and extends from Wilkesboro to Linnton. Operation over this length of track by the applicant will obviate the necessity for constructing a line of its own to the water front and to the rails of the Spokane, Portland & Seattle Railway. Operation by steam will be substituted for the electrical operation heretofore conducted by the United Railways Company.

A contract has been entered into for the use of the line by the applicant, providing, among other things, that the applicant shall conduct operations over the line as a common carrier at an agreed rental of \$45,000 per annum. The United Railways Company is to provide proper maintenance for the line and pay the taxes thereon. Any additions made to the property for the benefit of the applicant are to be paid for by it, but all additions and betterments are to be approved by both parties. Operation is to be conducted by means of the applicant's equipment.

The amount of outstanding capital stock of applicant is \$2,500,000, of which sum approximately \$1,100,000 had been expended in the construction of the applicant's line up to July 31, 1920. Such capital stock is owned by the Oregon-American Lumber Company and by D. C. Eccles and his associates, of Ogden, Utah. It is not shown that the applicant has any resources other than its paid-up capital. The record is practically barren with respect to the probable volume of traffic which will be handled by the applicant over its own line and the line in question and as to the probable revenues to be derived from such traffic. However, we are advised by the Public Service Commission of Oregon that the interests which control the applicant will market approximately 2,700,000,000 feet of lumber over the line in question, and that commission believes that the applicant's operations will be financially successful and recommends that the application be granted.

Upon the facts presented and upon the recommendation of the Public Service Commission of Oregon we find that the present and future public convenience and necessity require the operation by the applicant of the line of railroad described in the application. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 31st day of August, 1920, the Portland, Astoria & Pacific Railroad Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate that public convenience and necessity require the operation by the applicant of a line of railroad in Oregon, pursuant to the provisions of paragraphs (18), (19), (20), and (21) of section 1, of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy thereof filed with, the governor of the state of Oregon, and caused like notice to be published

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for three consecutive weeks in a newspaper of general circulation in each county in which said line of railroad is situated;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed operation;

That thereupon the case was submitted for decision upon such return and upon the recommendation of the Public Service Commission of Oregon that the application be granted;

That on the 22d day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth,

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity require the operation by the Portland, Astoria & Pacific Railroad Company of the line of railroad owned and heretofore operated by the United Railways Company extending from the station of Linnton, in Multnomah County, to the station of Wilkesboro, in Washington County, state of Oregon, a distance of 18.64 miles.

Said Portland, Astoria & Pacific Railroad Company is hereby authorized to acquire and operate said line of railroad.

Said Portland, Astoria & Pacific Railroad Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall refer to this certificate by title, date, and docket number.

65 I. C. C.

FINANCE DOCKET No. 926.

IN THE MATTER OF THE APPLICATION OF THE BANGOR & AROOSTOOK RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Approved January 22, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
Amendment to Amended Certificate No. 5 for a Loan from the United States under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends amended certificate No. 5, of January 14, 1921, by eliminating the word "canceled" from the concluding paragraph of said amended certificate No. 5, and substituting therefor the words, "amended accordingly;" so that the whole of the concluding paragraph of said amended certificate No. 5 shall read as follows:

"Certificate No. 5, of July 6, 1920, is hereby amended accordingly."

Done at Washington, D. C., this 22d of January, 1921.

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FINANCE DOCKET No. 1070.

**IN THE MATTER OF THE APPLICATION OF THE UNION
PACIFIC RAILROAD COMPANY FOR AUTHORITY TO
ISSUE FIRST-LIEN AND REFUNDING MORTGAGE
BONDS IN CONVERSION OF SIMILAR BONDS.**

Submitted November 4, 1920. Decided January 22, 1921.

Authority granted to issue first-lien and refunding mortgage bonds payable in dollars in exchange for not exceeding £771,600, of similar bonds which may be surrendered by the holders thereof, as provided in applicant's first-lien and refunding mortgage dated June 1, 1908.

H. W. Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Union Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its first-lien and refunding mortgage bonds payable in dollars, in such aggregate amount as may be necessary for the conversion of its outstanding first-lien and refunding mortgage bonds payable in sterling.

Of bonds payable in sterling issued by the applicant under its first-lien and refunding mortgage dated June 1, 1908, to the Equitable Trust Company of New York, as trustee, a copy of which is filed with the application, there are now outstanding £771,600. The holders of these bonds now have the option to surrender the same and receive dollar bonds in exchange. For the surrender of a £200 bond, with all unmatured coupons attached, and the payment of \$30 in cash, with the difference at the current rate of exchange between the accrued interest thereon and the accrued interest on the dollar bond to be delivered in exchange, the holder is entitled to receive a bond payable in dollars of the denomination of \$1,000, with all unmatured coupons attached. For the surrender of a £100 bond, with all unmatured coupons attached, and the payment of \$15 in cash, with the adjustment of accrued interest in a similar manner, the holder is entitled to receive a bond payable in dollars of the denomination of \$500, with all unmatured coupons attached. Upon

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their surrender the sterling bonds and coupons will be canceled by the trustee and delivered to the applicant.

The outstanding sterling bonds bear interest at the rate of 4 per cent per annum, payable semiannually on the 1st day of March and September in each year, and the principal is payable on June 1, 2008. The dollar bonds proposed to be issued in exchange will bear interest at the same rate, payable at like times, and will mature on June 1, 2008.

The £771,600 of sterling bonds have been entered upon the records of the applicant in terms of dollars at the rate of \$4.85 per pound sterling, the equivalent in dollars being \$3,742,260. If all of the outstanding sterling bonds are surrendered, the issue of dollar bonds in the aggregate amount of \$3,858,000 will be required. The difference between \$3,858,000 and \$3,742,260, or \$115,740, will be representative of the cash payments made by the holders of surrendered bonds.

We are of opinion that the delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of the aforesaid first-lien and refunding mortgage of June 1, 1908, involves an issue of securities within the meaning of section 20a of the interstate commerce act.

The application was made under oath, signed, and filed on behalf of the applicant by an executive officer duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by the applicant of first-lien and refunding mortgage bonds, payable in dollars, in an aggregate principal amount necessary for the conversion of not exceeding £771,600 of similar bonds payable in sterling (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date

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hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Union Pacific Railroad Company be, and it is hereby, authorized to issue its first-lien and refunding mortgage bonds payable in dollars in such aggregate amount as may be necessary for the conversion of its first-lien and refunding mortgage bonds payable in sterling now outstanding in the aggregate amount of £771,600; said dollar bonds to be issued under and pursuant to the first-lien and refunding mortgage dated June 1, 1908, made by the applicant to the Equitable Trust Company of New York, in exchange for its sterling bonds heretofore issued under and secured by said mortgage, in the following manner; as and when the holder of any bond payable in sterling in the denomination of £200 shall surrender the same, with all unmatured coupons attached, and pay to the applicant the sum of \$30 and the difference at the current rate of exchange between the accrued interest thereon and the accrued interest on the bond payable in dollars to be delivered in exchange therefor, the applicant shall deliver, or cause to be delivered, in exchange for the said sterling bond so surrendered, a first-lien and refunding mortgage bond in coupon form of the denomination of \$1,000, with all unmatured coupons attached; and as and when the holder of any bond payable in sterling of the denomination of £100 shall surrender the same, with all unmatured coupons attached, and pay to the applicant the sum of \$15 and the difference at the current rate of exchange between the accrued interest thereon and the accrued interest on the bond payable in dollars to be delivered in exchange therefor, the applicant shall deliver, or cause to be delivered, in exchange for the said sterling bond so surrendered, a first-lien and refunding mortgage bond in coupon form of the denomination of \$500, with all unmatured coupons attached; the aggregate amount of dollar bonds so delivered not to exceed \$3,858,000; and said sterling bonds and the coupons thereto appertaining to be canceled immediately on surrender as aforesaid.

It is further ordered, That the proceeds of all payments of \$30 and \$15 received by the applicant in connection with the exchange of dollar bonds for sterling bonds shall be used solely for capital purposes.

It is further ordered, That the applicant shall for each six months' period ending June 30 and December 31 file with the Commission within 30 days after the close of such periods a report showing the aggregate amount of sterling bonds surrendered and canceled, and

the aggregate amount of dollar bonds issued in exchange therefor; such reports to be signed by an executive officer of the applicant and verified by his oath, and to be made periodically as herein required until all of said sterling bonds shall have been exchanged or otherwise retired.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said dollar bonds, sterling bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1071.

IN THE MATTER OF THE APPLICATION OF THE OREGON-WASHINGTON RAILROAD & NAVIGATION COMPANY FOR AUTHORITY TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS IN CONVERSION OF SIMILAR BONDS.

Submitted November 4, 1920. Decided January 22, 1921.

Authority granted to issue first and refunding mortgage bonds payable in dollars in exchange for not exceeding \$3,782,400 of similar bonds which may be surrendered by the holders thereof, as provided in applicant's first and refunding mortgage, dated January 8, 1911.

H. W. Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Oregon-Washington Railroad & Navigation Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue its first and refunding mortgage bonds payable in dollars, in such aggregate amount as may be necessary for the conversion of its outstanding first and refunding mortgage bonds payable in sterling.

Of bonds payable in sterling issued by the applicant under its first and refunding mortgage dated January 8, 1911, to the Farmers' Loan & Trust Company, as trustee, a copy of which is filed with the application, there are now outstanding \$3,782,400, which are payable in 1961. The holders of these bonds now have the option to surrender the same and receive dollar bonds in exchange therefor. For the surrender of a £200 bond with all unmatured coupons thereto appertaining, and the payment of \$30 and interest at the rate of 4 per cent per annum upon the sum of \$30 from the last preceding interest day of the bond, the holder is entitled to receive a bond payable in dollars of the denomination of \$1,000 with all unmatured coupons attached. For the surrender of a £100 bond with all unmatured coupons thereto appertaining, and the payment of \$15 and interest at the rate of 4 per cent per annum upon the sum of \$15 from the last preceding interest day of the bond, the holder is entitled to receive a bond payable in dollars of the denomination of \$500 with all unmatured coupons attached, or for each £200 of sterling bonds of the denomi-

nation of £100 so surrendered, the holder is entitled to receive a bond payable in dollars of the denomination of \$1,000 with all unmatured coupons attached. Upon their surrender, the sterling bonds and coupons will be canceled by the trustee and delivered to the applicant.

The £3,782,400 of sterling bonds have been entered upon the records of the applicant in terms of dollars at the rate of \$4.85 per pound sterling. If all of the outstanding sterling bonds are surrendered, the issue of dollar bonds in the aggregate amount of \$18,912,000 will be required; and the payments of money made in connection therewith will amount to \$587,360, exclusive of money paid for interest.

While it is not our intent to find the proposed conversion in substance accomplishes anything more than a change in form of existing liabilities, we are of opinion that the delivery of dollar bonds in exchange for sterling bonds in pursuance of the terms of the aforesaid first and refunding mortgage of January 1, 1911, involves an issue of securities within the meaning and purpose of section 20a of the interstate commerce act.

The application was made under oath, signed, and filed on behalf of the applicant by an executive officer duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue by the applicant of first and refunding mortgage bonds payable in dollars in an aggregate amount necessary for the conversion of £3,782,400 of similar bonds payable in sterling, (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

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It is ordered, That the Oregon-Washington Railroad & Navigation Company be, and it is hereby, authorized to issue its first and refunding mortgage bonds payable in dollars in such aggregate amount as may be necessary for the conversion of its first and refunding mortgage bonds payable in sterling now outstanding in the amount of £3,782,400; said dollar bonds to be issued under and pursuant to the first and refunding mortgage dated January 3, 1911, made by the applicant to the Farmers' Loan & Trust Company, as trustee, in exchange for its sterling bonds heretofore issued under and secured by said mortgage, in the following manner; as and when the holder of any bond payable in sterling of the denomination of £200 shall surrender the same with all unmatured coupons thereto appertaining, and pay to the applicant the sum of \$30 and interest at the rate of 4 per cent per annum upon the sum of \$30 from the last preceding interest day of said bond, the applicant shall deliver, or cause to be delivered, in exchange for said sterling bond so surrendered, a first and refunding mortgage bond in coupon form of the denomination of \$1,000, with all unmatured coupons attached; and as and when the holder of any bond payable in sterling of the denomination of £100 shall surrender the same with all unmatured coupons thereto appertaining, and pay to the applicant the sum of \$15 and interest at the rate of 4 per cent per annum upon the sum of \$15 from the last preceding interest day of said bond, the applicant shall deliver, or cause to be delivered, in exchange for said sterling bond so surrendered, a first and refunding mortgage bond in coupon form of the denomination of \$500 with all unmatured coupons attached, or for each £200 of bonds of the denomination of £100 so surrendered, a first and refunding mortgage bond in coupon form of the denomination of \$1,000; the aggregate amount of dollar bonds so delivered not to exceed \$18,912,000; and said sterling bonds and coupons thereto appertaining to be canceled immediately upon surrender as aforesaid.

It is further ordered, That the proceeds of all payments of \$30 and \$15 received by the applicant in connection with the exchange of dollar bonds for sterling bonds, shall be used solely for capital purposes.

It is further ordered, That the applicant shall for each six months' period ending June 30 and December 31 file with the Commission within 30 days after the close of such periods, a report showing the aggregate amount of sterling bonds surrendered and canceled,

and the aggregate amount of dollar bonds issued in exchange therefor; such reports to be signed by an executive officer of the applicant and verified by his oath, and to be made periodically as herein required until all of such sterling bonds shall have been exchanged or otherwise retired.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said dollar bonds, sterling bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1081.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO ISSUE COMMON CAPITAL STOCK IN CONVERSION OF BONDS.

Submitted December 11, 1920. Decided January 22, 1921.

Authority granted to issue from time to time not to exceed \$50,225,000, par value, of common capital stock, and to exchange said stock for 5 per cent convertible 30-year secured gold bonds at certain specified rates.

A. C. Reorick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act (1) to issue not to exceed \$50,225,000, par value, of its common capital stock, and to deliver said stock for the purpose of effecting the conversion and cancellation of its 5 per cent convertible 30-year secured gold bonds now outstanding, at rates specified in the trust indenture securing said bonds; and in connection therewith (2) to issue common stock scrip for fractional shares of stock pursuant to a scrip indenture providing for such scrip.

The applicant has issued, and there are now outstanding, \$40,180,000 of its 5 per cent convertible 30-year secured gold bonds, due April 1, 1946, issued pursuant to a trust indenture dated April 1, 1916, between applicant and the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee. Under this trust indenture applicant bound itself to convert any or all of these bonds at the option of the holders into fully paid shares of its common capital stock, at the several rates prescribed for the various conversion periods, as follows:

Prior to April 2, 1920, one share of stock of \$100 par value for each \$75 of bonds; on April 2, 1920, and thereafter, to and including April 1, 1923, one share of stock for each \$80 of bonds; on April 2, 1923, and thereafter, to and including April 1, 1926, one share of stock for each \$90 of bonds; and on April 2, 1926, and

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thereafter, to and including April 1, 1936, one share of stock for each \$100 of bonds.

In order to avoid the issue of fractional shares of stock in connection with the conversion of the bonds, provision was made in the trust indenture for the issue of common-stock scrip for fractional shares of stock upon any conversion, as provided in a scrip indenture, dated April 1, 1916, between the applicant and the Central Trust Company of New York (now the Central Union Trust Company of New York). True copies of the trust indenture and scrip indenture are on file in this proceeding.

To the date of this application the holders of none of the bonds had availed themselves of the privilege of conversion. As the lowest conversion rate now available to bondholders is \$80 per share, the maximum amount of stock that can be required for conversion of all of the bonds is \$50,225,000, par value. Holders of some of such bonds have now requested the applicant to convert their bonds into stock.

Prior to the execution of the trust indenture and issue of bonds thereunder, the applicant increased its authorized capital stock for the purpose of effecting the conversion of the bonds, and has since reserved and now holds for that purpose sufficient stock unissued and unappropriated.

The bonds which it is now proposed to convert into stock, namely, \$40,180,000, were originally sold at 93.835 per cent of par, netting applicant \$37,702,976.31. The discount was charged to profit and loss in 1916.

On December 31, 1919, applicant had outstanding capital stock of the par value of \$62,786,000 and funded debt of the principal amount of \$180,769,000. For every \$100 of stock outstanding it thus had a funded debt of about \$288, a ratio of nearly 3 to 1. If the bonds in question were exchanged for stock on the basis of \$100 of stock for every \$80 of bonds, the capital stock outstanding would have a value of \$113,011,000 and the funded debt would be reduced to \$140,589,000, or \$124 of bonds for every \$100 of stock. Fixed charges would also be reduced by \$2,009,000 annually. Manifestly the credit of the company would be materially improved. Moreover, on December 31, 1919, applicant had appropriated, according to its balance sheet, \$23,859,636.38 of surplus earnings for investment in additions to its property, and it appears that of this amount \$7,500,000 had been specifically appropriated by applicant under the provisions of the trust indenture of April 1, 1916, securing the bonds in question, "as an offset to the difference between the price at which its said bonds are converted and the par amount of the stock in respect of any stock issued at less than par therefor."

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

In view of the conversion provisions of the trust indenture of April 1, 1916, the improvement of applicant's credit which would result from such conversion, and the surplus earnings which it has heretofore appropriated for investment in additions to its property, we find that the proposed issue of \$50,225,000, par value, of common capital stock and the delivery of said stock for the purpose of effecting the conversion and cancellation of applicant's 5 per cent convertible 30-year secured gold bonds at the rates specified in the said trust indenture, and the proposed issue of common-stock scrip for fractional shares of stock in connection with such conversion of bonds as provided in said scrip indenture (a) are for lawful objects within the corporate purposes of the applicant, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chesapeake & Ohio Railway Company be, and it is hereby, authorized to issue, from time to time, but not later than April 1, 1936, its common capital stock in an aggregate amount not to exceed \$50,225,000, par value, in conversion of its 5 per cent convertible 30-year secured gold bonds now outstanding in the aggregate amount of \$40,180,000, in the following manner; as and when the holders of any of said bonds shall present and surrender the same for conversion, the applicant shall, in accordance with and pursuant to the terms of the trust indenture dated April 1, 1916, made by it to the Central Trust Company of New York (now the Central Union Trust Company of New York), issue and deliver to such holders so presenting bonds its common capital stock at the respective rates for the various conversion periods prescribed in said trust indentures; that is to say, on the date of entry of this order

and thereafter, to and including April 1, 1923, one share of stock of \$100 par value for each \$80 of bonds; on April 2, 1923, and thereafter, to and including April 2, 1926, one share of such stock for each \$90 of bonds; and on April 2, 1926, and thereafter, to and including April 1, 1936, one share of such stock for each \$100 of bonds; said bonds upon such presentation and surrender to be canceled as provided in said trust indenture.

It is further ordered, That applicant be, and it is hereby, authorized to issue from time to time common-stock scrip in respect of fractional shares of said common stock issuable upon any such conversion of bonds, and from time to time to convert said scrip into certificates for whole shares of said common stock, as provided in a scrip indenture, dated April 1, 1916, between the applicant and the Central Trust Company of New York (now the Central Union Trust Company of New York).

It is further ordered, That the aggregate amount of common stock and scrip to be issued under this authority shall together not exceed \$50,225,000, par value, and shall in no event exceed the aggregate amount necessary for the conversion of said bonds at the several rates for the various conversion periods prescribed in said trust indenture and said scrip indenture.

It is further ordered, That the difference between the par value of common stock or scrip issued under this authority and the amount of bonds retired thereby, chargeable to balance sheet account No. 724, "Discount on capital stock," shall forthwith be extinguished by a charge to profit and loss account No. 616, "Stock discount extinguished through surplus."

It is further ordered, That the applicant shall for the period ending June 30, 1921, report to this Commission in writing all pertinent facts relating to the issue of said common capital stock and of said common-stock scrip, and to the conversion and cancellation of said bonds; and for each six months' period thereafter the applicant shall make like reports until all such stock and scrip necessary for the purpose of conversion shall have been issued and all of said bonds shall have been converted and canceled, or otherwise paid and satisfied, said reports to be made within 30 days after the close of such periods, and to be properly verified by an executive officer of the applicant having knowledge of the matters and things therein set forth.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock or as to said common-stock scrip on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1114.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL WISCONSIN RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted January 19, 1921. Decided January 22, 1921.

Certificate issued authorizing the Central Wisconsin Railway Company to acquire and operate a line of railroad in Eau Claire and Clark counties, Wis.

Bundy & Beach for applicant.

REPORT OF THE COMMISSION.

**DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:**

The Central Wisconsin Railway Company, a corporation organized for the purpose of engaging in interstate commerce, on November 29, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to acquire and operate a line of railroad owned by the Fairchild & Northeastern Railway Company, situated in Eau Claire and Clark counties, Wis.

The applicant is a corporation organized under the laws of Wisconsin for the purpose of acquiring the property in question by lease, with an option to purchase at a later date. Its present capitalization is \$25,000 but is to be increased as occasion shall require. The necessary equipment is to be leased from the Fairchild & Northeastern for the present, with the same option to purchase later.

The line in question is 65 miles in length, extending from the village of Cleghorn, Eau Claire county, in an easterly and northerly direction to the village of Owen, Clark county. At Fairchild it crosses the main line of the Chicago, St. Paul, Minneapolis & Omaha Railway Company, and at Greenwood and Owen it connects with the Minneapolis, St. Paul & Sault Ste. Marie Railway. That portion of the line between Fairchild and Cleghorn bisects the angle between the main line of the Omaha and a branch line of that road which extends from Fairchild to Mondovi.

The road has not paid operating expenses since 1912, when connecting carriers reduced its divisions from 40 per cent to 25 per cent, but a number of small communities have grown up along the line and, if the road should be definitely abandoned, these communities would be without railroad service. They are from 3 to 10 miles from

any other line of railroad. The population of the communities which would thus be deprived of transportation facilities is estimated by the applicant at about 500 people, not including the rural population tributary to the towns. Census figures for these unincorporated villages are not available. The territory served is devoted chiefly to agriculture, is well settled, and contains some of the best farming lands in central Wisconsin. The applicant purposes to operate that portion of the line between Cleghorn and Greenwood at once, but trains will not be run from Greenwood to Owen unless future conditions warrant doing so.

Operation of the line was discontinued by the present owner immediately upon the termination of federal control, since which time the shippers in the territory affected have been seriously inconvenienced and subject to considerable financial loss. Service was discontinued because revenues were not sufficient to pay operating expenses. The investment in road and equipment on December 31, 1919, as carried on the books of the Fairchild & Northeastern was slightly in excess of \$700,000. Current liabilities as of that date were \$418,881.51 and the debit balance to profit and loss was \$170,623.

The prospect that the road will earn sufficient income to pay operating expenses is not encouraging. It is estimated that it will cost the applicant about \$88,000 to rehabilitate and equip the line. If the question before us involved the construction of the road as an original proposition, a very different problem would be presented. In view of the fact, however, that the people who are entirely dependent upon the road for transportation facilities desire to preserve the service, if possible, and are prepared to finance the plan and thus assume the burden, we think that the applicant should be given an opportunity to undertake the operation of the property.

The contemplated lease is not a part of the record, nor are its terms outlined in the applicant's return to our questionnaire. It is impossible at this time, therefore, to make any finding except that the line should be operated, and the authorization contained in the accompanying certificate will be conditioned upon the submission to us of the proposed lease, and its approval.

We therefore find that public convenience and necessity require the acquisition and operation of the line in question by the applicant. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 29th day of November, 1920, the Central Wisconsin Railway Company filed with the Interstate Commerce

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Commission its application for a certificate that the present or future public convenience and necessity require the acquisition and operation by the applicant of a line of railroad in the state of Wisconsin, pursuant to the provisions of paragraphs (18), (19), (20), and (21) of section 1, of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of Wisconsin, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said line of railroad is to be operated;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed acquisition and operation;

That the Railroad Commission of Wisconsin, on behalf of the state of Wisconsin, having recommended that the application be granted, the case was thereupon submitted upon the verified application and return to the questionnaire, without formal hearing;

That on the 22d day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth,

The Interstate Commerce Commission hereby certifies that the present and future public convenience and necessity require that the Central Wisconsin Railway Company acquire and operate the line of railroad owned by the Fairchild & Northeastern Railway Company, extending from Cleghorn, Eau Claire county, to Owen, Clark county, Wis.

Said Central Wisconsin Railway Company is hereby authorized to acquire and operate the line of railroad as above described, subject, however, to the condition set forth in said report.

Said Central Wisconsin Railway Company, when filing schedules adopting tariffs of the Fairchild & Northeastern Railway Company or establishing or canceling tariffs with reference to said line of railroad, shall refer to this certificate by title, date, and docket number,

65 I. C. C.

FINANCE DOCKET No. 1072.

IN THE MATTER OF THE APPLICATION OF THE NORTHERN PACIFIC RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted January 13, 1921. Decided January 24, 1921.

Certificate issued authorizing the Northern Pacific Railway Company to abandon a portion of a line of railroad in Richland county, N. Dak.

C. W. Bunn for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Northern Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, on November 4, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to abandon a branch line of railroad in Richland county, N. Dak.

The applicant's main line extends from St. Paul, Minn., to the Pacific coast, passing through the states of Minnesota, North Dakota, Montana, Idaho, Washington, and Oregon. Among other feeder and branch lines, it operates a branch leaving the main line at Wadena, Minn., and extending to Oakes, N. Dak. At Oakes a feeder leaves this branch at Fairview Junction and extends to Great Bend. A branch of that feeder extends from Keystone Junction to Bayne, passing through Barndt. The applicant desires to abandon that portion of the branch last described which lies between Barndt and Bayne, being 1.872 miles in length, with 0.175 mile of spur track at the terminus. There is no settlement of any sort at Bayne. The branch was constructed about 1890 to handle shipments of grain from an elevator at Bayne, which in later years was dismantled. Two miles away, on the main line of the Minneapolis, St. Paul & Sault Ste. Marie Railway, is the station of Mantador, where there is an elevator to which is hauled most of the grain formerly shipped from Bayne. There are no stores or dealers at Bayne and no freight is shipped in. In 1918 only four carloads of grain were shipped out, and in 1919 only one car. These five cars comprise the total movement of traffic since the close of the year 1915.

That portion of the line, it is stated, cost about \$21,000 and has a net salvage value of about \$3,350. The value of that part of the line

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is so small, as compared with the applicant's entire system, that no question of impairment of outstanding security can be involved. There is no industrial activity in the region, which is devoted entirely to farming, the population of the whole township being less than 400. Revenues for the past 10 years, allocated to the portion of the line in question, are stated at \$61.23. Maintenance for the year 1921 is estimated at \$1,250, and thereafter at \$800 per year.

There being no present or prospective need for continued operation, it follows that public convenience and necessity permit the abandonment of the line in question. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 4th day of November, 1920, the Northern Pacific Railway Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission its application for a certificate that public convenience and necessity permit the abandonment of a portion of a line of railroad in Richland county, N. Dak., pursuant to the provisions of paragraphs (18), (19), (20), and (21) of section 1, of the interstate commerce act, as amended;

That upon receipt of such application the Commission caused notice thereof to be given to, and a copy filed with, the governor of the state of North Dakota, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in and through which said line of railroad is constructed and operated;

That thereafter the applicant made due return to the questionnaire showing the facts and circumstances with respect to such proposed abandonment;

That no representations were made by the governor or other authorities of the state of North Dakota, either for or against the granting of the application, and the case was thereupon submitted upon the verified application and return to the questionnaire, without formal hearing;

That on the 24th day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, therefore, upon the record in this proceeding and upon the report of the Commission as above set forth,

The Interstate Commerce Commission hereby certifies that public convenience and necessity permit the abandonment by the Northern

Pacific Railway Company of that portion of one of its branch lines of railroad which extends from the station of Barndt to the station of Bayne, in Richland county, state of North Dakota, a distance of 1.872 miles.

Said Northern Pacific Railway Company is hereby authorized to abandon such portion of said line of railroad and to remove the tracks thereof, and to dispose of the salvage thereupon in such manner as may be lawful and proper.

Said Northern Pacific Railway Company, when filing schedules canceling tariffs with respect to said abandoned line, shall refer to this certificate by title, date, and docket number.

65 I. C. C.

FINANCE DOCKET No. 1067.

IN THE MATTER OF THE APPLICATION OF THE RICHMOND TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted December 22, 1920. Decided January 25, 1921.

Authority granted to issue as of the date of January 1, 1921, 35 promissory notes in the aggregate amount of \$3,100,000, with interest at the rate of 6 per cent per annum.

E. Randolph Williams for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Richmond Terminal Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue \$3,100,000 of its 6 per cent promissory notes, to be dated as of January 1, 1921, as follows:

Four notes for \$100,000 each, and two notes for \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before July 1, 1921;

Four notes for \$100,000 each, and two notes for \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before January 1, 1922;

Four notes for \$100,000 each, and two notes for \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before July 1, 1922;

Five notes for \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1923;

Five notes for \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before July 1, 1923;

Five notes for \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1924;

One note for \$50,000 payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before January 1, 1924; and

One note for \$50,000 payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1924.

Applicant's terminal and facilities are located in the city of Richmond, Va., and are used by the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, which exercise joint control over the applicant by virtue of ownership of all of its capital stock.

Construction of the terminal was begun prior to and completed during the period of federal control, and funds necessary for the purpose were advanced from time to time by the Richmond, Fredericksburg & Potomac and the Atlantic Coast Line. These loans are evidenced by 6 per cent demand notes of the applicant, of which \$1,500,235 are held by the Richmond, Fredericksburg & Potomac, and \$1,500,000 by the Atlantic Coast Line. By the terms of a proposed operating agreement, to be dated as of March 1, 1920, a copy of which is filed with the application, the proprietary tenants are to pay rental which includes, among other things, an annual sum equivalent to the amount of the interest on the aforesaid indebtedness of the applicant.

Because they are more acceptable as collateral security for loans obtained from banks, the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company prefer notes maturing at definite dates in the future instead of demand notes. The applicant therefore desires authority (1) to issue \$3,000,000 of its promissory notes to take up a like amount of the demand notes; and (2) to issue \$100,000 of its promissory notes to provide funds for the purpose of liquidating interest that accrued during the period of construction, and to provide a working fund to care for its pay roll and miscellaneous accounts, pending collections from tenants.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which the applicant operates. No objection to the granting of the application has been offered by the State Corporation Commission of that state.

We find that the proposed issue by the applicant of promissory notes, in the aggregate amount of \$3,100,000 (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common

65 I. C. C.

carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing having been held on this application and full investigation of the matters and things involved therein having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Richmond Terminal Railway Company be, and it is hereby, authorized to issue its promissory notes in the aggregate amount of \$3,100,000; said notes to be dated as of January 1, 1921, to bear interest at the rate of 6 per cent per annum, to be substantially in the form submitted with the application, and to be payable as follows:

Four notes in the face amount of \$100,000 each, and two notes in the face amount of \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before July 1, 1921;

Four notes in the face amount of \$100,000 each, and two notes in the face amount of \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before January 1, 1922;

Four notes in the face amount of \$100,000 each, and two notes in the face amount of \$50,000 each, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before July 1, 1922;

Five notes in the face amount of \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1923;

Five notes in the face amount of \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before July 1, 1923;

Five notes in the face amount of \$100,000 each, payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1924;

One note in the face amount of \$50,000, payable to the order of the Richmond, Fredericksburg & Potomac Railroad Company on or before January 1, 1924;

One note in the face amount of \$50,000, payable to the order of the Atlantic Coast Line Railroad Company on or before January 1, 1924.

said notes to be used for the sole purpose of taking up applicant's outstanding demand notes, liquidating interest that accrued during the period of construction, and to provide a working fund, as set forth in the application.

It is further ordered, That the applicant shall, within 10 days thereafter, report to the Commission all pertinent facts relating (1) to the issue of said notes, and (2) to their payment or satisfaction; each of said reports to be in writing, signed by an executive officer

65 I. C. C.

of the applicant having knowledge of the facts and verified by his oath.

It is further ordered; That within 10 days after the execution and delivery of the proposed operating agreement with its proprietary tenants, the applicant shall file with the Commission a verified copy of the same in the form in which executed and delivered.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKETS NOS. 1075 AND 1076.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & WESTERN RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted December 27, 1920. Decided January 25, 1921.

Certificate issued authorizing the acquisition and operation of certain feeder lines in Kentucky and West Virginia.

Theodore W. Reath for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Norfolk & Western Railway Company, a carrier by railroad subject to the interstate commerce act, on October 28, 1920, filed its application with us for a certificate of public convenience and necessity authorizing it to acquire and operate four lines of railroad in Kentucky and West Virginia.

The lines in question are owned by the Tug River & Kentucky Railroad Company and the Williamson & Pond Creek Railroad Company, the lines owned by each, respectively, being 4.45 miles and 16.29 miles in length. All connect with the main line of the applicant and are used as feeders therefor. They are partly in Kentucky and partly in West Virginia and separate applications were filed covering the portions lying in each state. All of the lines cross the Tug River, which is the boundary between the two states. The capital stock of the subsidiary companies is owned by the applicant. There is no debt outstanding except to the parent company. The Kentucky lines are to be acquired by leases for a term of 50 years, at an annual rental sufficient to equal 6 per cent on the amount currently appearing on the books of the lessor as investment in road and equipment, plus taxes and assessments against the property and the annual cost of maintaining the corporate organization of the lessor, no maximum for that item being specified. An extension of the lease for a further term of 50 years, at the option of the lessee, is provided for.

The West Virginia lines are to be acquired by deeds reciting a consideration of \$53,744.92 for the Tug River lines and \$71,994.29 for those of the Williamson company, and covering all of the property
65 I. C. C.

and assets of every description located in that state. It appears that a large part of the mileage of both roads lies in the state of Kentucky, and the consideration named in the conveyances apparently represents that part of the total investment which is in West Virginia.

The Tug River company has operated its lines since July 1, 1915, except during federal control, and the Williamson & Pond Creek Company, with like exception, has operated its line since November 1, 1912. The Tug River lines do not render any passenger service, but are used chiefly for the transportation of coal, terminating at the mines in Kentucky and having no connection with any other line of railroad. The Williamson line carries a relatively small passenger traffic and likewise serves coal mines which are not accessible to any other line of railroad.

Operation of the lines in question by the applicant through its own organization is desirable from the standpoint of economy and efficiency, and in order to avoid duplication of accounting and annual reports. The investment in road and equipment of the Tug River on December 31, 1919, was \$261,542.33, and that of the Williamson company was \$1,364,156.57, as appears from the companies' annual reports. The net income of the former for the year 1919 was \$9,482.83 and the latter experienced a deficit of \$84,154.08 arising on account of interest on its indebtedness to the applicant for advances in the sum of \$1,662,509.10, which interest was not charged to cost of property. The Tug River is also indebted to the applicant for advances in the sum of \$213,482.50. The capitalization of each company is \$50,000.

The effect of the proposed transaction, stated in tabular form, will be as follows:

	Tug River company.	Williamson company.	Total.
Investment in road and equipment.....	\$261,542.33	\$1,364,156.57	\$1,625,698.90
Consideration in deeds.....	63,744.92	71,994.39	135,739.31
Balance of investment for computing rent (\$30,997.55) at 6 per cent.....			1,629,938.09
Indebtedness after deducting consideration in deeds.....	159,737.56	1,500,514.81	1,750,252.37
Interest on future indebtedness at 6 per cent.....			106,015.14
Deduct rents as above.....			89,997.38
Balance interest due applicant.....			16,017.76

It is obvious that any additions and betterments made during the year 1920, figures for which are not available, as well as any such items that may hereafter be added by the applicant, will increase the amount upon which rental must be paid and correspondingly add to the advances made by applicant, so that there will be no net

65 I. C. C.

change in difference between interest due applicant and rentals to be paid to the subsidiary companies.

The sums provided for in the conveyance of the West Virginia lines and in the leases of the Kentucky lines do not appear to be unreasonable under the circumstances, but we do not deem it necessary in these proceedings to make a specific finding as to the value of the properties. Apparently the only reason for providing for a lease instead of a conveyance of the properties in Kentucky is the fact that the applicant is not chartered by that state and so can not take title. No representations were made in the matter by the authorities of either state.

An examination of the annual reports of the Williamson company shows that a portion of the advances made by the applicant were necessitated by operating deficits. Since the Williamson company will have no income except the rentals accruing to it, the applicant will be required, as a condition attached to the certificate herein, to cancel so much of the indebtedness of the Williamson company as is necessary to reduce the annual interest charges to an equality with the annual rentals payable under the proposed lease.

Upon the facts presented we find that public convenience and necessity require the acquisition and operation of the properties in question by the applicant as proposed in the respective applications. A single certificate authorizing such acquisition and operation and covering the lines in both states will accordingly be issued.

Certificate of Public Convenience and Necessity.

Be it known, That, on the 28th day of October, 1920, the Norfolk & Western Railway Company, a carrier subject to the interstate commerce act, filed with the Interstate Commerce Commission two applications for certificates that the present or future public convenience and necessity require the acquisition and operation by the applicant of certain lines of railroad hereinafter described and located respectively in the states of West Virginia and Kentucky, pursuant to the provisions of paragraphs (18), (19), (20), and (21), section 1 of the interstate commerce act, as amended:

That upon receipt of such applications the Commission caused notice thereof to be given to, and copies filed with, the governor of the state of West Virginia and the governor of the state of Kentucky, and caused like notice to be published for three consecutive weeks in a newspaper of general circulation in each county in or through which said lines of railroad to be acquired are situated and operated;

65 I. C. C.

That thereafter the applicant made due return to questionnaires, showing the facts and circumstances with respect to such proposed acquisition and operation;

That no representations were made by the state authorities of West Virginia or of Kentucky either for or against the granting of said applications and the cases were thereupon submitted upon the respective records, without formal hearing;

That on the 25th day of January, 1921, the Interstate Commerce Commission, by Division 4, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

Now, therefore, upon the record in these proceedings and upon the report of the Commission as above set forth,

The Interstate Commerce Commission hereby certifies that public convenience and necessity require the acquisition and operation by the Norfolk & Western Railway Company of the several lines of railroad now owned and operated by the Tug River & Kentucky Railroad Company, and by the Williamson & Pond Creek Railroad Company, in the county of Mingo, state of West Virginia, and in the county of Pike, state of Kentucky, all pursuant to the plan and subject to the conditions set forth in said report;

Said Norfolk & Western Railway Company is hereby authorized to acquire and operate said properties in accordance herewith.

Said Norfolk & Western Railway Company when filing its schedules adopting tariffs on said lines of railroad, or either of them, or establishing new tariffs with reference thereto, shall refer to this certificate by date, title, and docket number.

65 I. C. C.

FINANCE DOCKET No. 1111.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Submitted November 29, 1920. Decided January 25, 1921.

Authority granted to issue \$162,000 of 4 per cent first-mortgage gold bonds and to pledge said bonds with the Secretary of the Treasury as security for a loan from the United States.

Alex L. Humphrey for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By Division 4:

The Louisville & Jeffersonville Bridge & Railroad Company, formerly Louisville & Jeffersonville Bridge Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue and pledge as security for a loan from the United States, \$162,000 of its 4 per cent first-mortgage gold bonds, to be dated as of January 1, 1895, to mature March 1, 1945; and to be issued under a certain mortgage.

We have approved a loan to applicant of \$162,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended, the proceeds thereof to be used for additions and betterments to its way and structures, made and to be made during the year 1920 and subsequently. In return for and evidencing this loan the applicant will give its two 10-year 6 per cent promissory notes in amounts of \$108,000 and \$54,000, to be guaranteed, respectively, by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company and the Chesapeake & Ohio Railway Company and to be secured by pledge of the proposed issue of bonds. Applicant's total outstanding capital stock amounts to \$1,425,000, two-thirds of which is owned by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company and one-third by the Chesapeake & Ohio Railway Company. The payment of the applicant's loan will thus be guaranteed by these railroads in amounts proportionate to their ownership of applicant's stock.

65 I. O. C.

The bonds are to be issued under and secured by a first mortgage made by the Louisville & Jeffersonville Bridge Company, under date of January 1, 1895, to the United States Trust Company of New York and the Union Trust Company of Indianapolis, as trustees, as amended by a supplementary mortgage dated January 2, 1913. Copies of the mortgage and supplementary mortgage have been filed in this proceeding. By an agreement, dated January 1, 1895, between the applicant and the proprietary companies, all bonds under the mortgage are guaranteed as to payment of both principal and interest by said companies. The mortgage authorizes the issue of \$5,000,000 of bonds of which \$4,500,000 have heretofore been issued. The proposed bonds will be issued in respect to the additions and betterments for which the proceeds of the notes are to be expended, as set forth in schedule A filed with the application.

The application was made under oath, signed, and verified on behalf of the applicant by one of its executive officers duly designated for that purpose.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue of said bonds by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Louisville & Jeffersonville Bridge & Railroad Company be, and it is hereby, authorized (1) to issue \$162,000 of its first-mortgage gold bonds, to be dated as of January 1, 1895, to mature March 1, 1945, to bear interest at the rate of 4 per cent per annum payable semiannually on the 1st days of September and March in each year, to be registrable as to principal, to be in the form

65 I. C. C.

set forth in, and to be issued under and pursuant to and to be secured by, a mortgage dated January 1, 1895, and a mortgage supplemental thereto, dated January 2, 1913, both of which were heretofore made by the Louisville & Jeffersonville Bridge Company (now the Louisville & Jeffersonville Bridge & Railroad Company) to the United States Trust Company of New York and the Union Trust Company of Indianapolis, as trustees; and (2) to pledge said bonds with the Secretary of the Treasury as collateral security for a loan from the United States in the sum of \$162,000, to be evidenced by two 10-year 6 per cent promissory notes of the applicant in the principal amounts of \$108,000 and \$54,000, guaranteed respectively by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company and the Chesapeake & Ohio Railway Company, proprietary companies of applicant.

It is further ordered, That the bonds herein authorized to be pledged, shall not, until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the applicant shall, within 10 days after the issue and pledge of the bonds herein authorized report to the Commission all pertinent facts relating to their issue and pledge and shall also report the payment or satisfaction of said notes and the release of the bonds from pledge within 10 days after such payment or satisfaction and release from pledge; each of such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1112.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY.

Submitted November 29, 1920. Decided January 25, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Louisville & Jeffersonville Bridge & Railroad Company for \$108,000, as part security for a loan of \$162,000, from the United States to the said Louisville & Jeffersonville Bridge & Railroad Company.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to guarantee the due and punctual payment of the principal and interest of the Louisville & Jeffersonville Bridge & Railroad Company's 10-year 6 per cent promissory note for \$108,000, payable to the order of the United States. This note and another note for \$54,000, similarly guaranteed by the Chesapeake & Ohio Railway Company, are to be given to the Secretary of the Treasury in return for a loan of \$162,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to way and structures of the Louisville & Jeffersonville Bridge & Railroad Company, made and to be made during the year 1920 and subsequently.

Details concerning the notes, the guaranty thereof, the purpose of the loan, and the bonds to be pledged with the Secretary of the Treasury as security therefor, are set forth in the application of the Louisville & Jeffersonville Bridge & Railroad Company, Finance Docket No. 1111, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of two-

65 I. C. C.

thirds of the outstanding capital stock of said company, whose transportation facilities constitute an important part of the applicant's terminal facilities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates.

While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Michigan has been filed by the public utilities commission of that state in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain states, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. We are of the opinion that we have jurisdiction. No objection to the granting of the application has been offered by any other state authority.

We find that the proposed guaranty of said note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to guarantee the due and punctual payment of the principal and interest of the promissory note of the Louisville & Jeffersonville Bridge & Railroad Company for \$108,000, payable to the order of the United States of

America, to be payable 10 years after date and to bear interest at the rate of 6 per cent per annum, payable semiannually, according to the tenor thereof but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until said loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with this Commission a certified copy of the note and the guaranty within 10 days after the execution of said guaranty.

65 I. C. C.

FINANCE DOCKET No. 1131.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY.

Submitted December 7, 1920. Decided January 25, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Louisville & Jeffersonville Bridge & Railroad Company in the principal amount of \$54,000, as part security for a loan of \$162,000, from the United States to the said Louisville & Jeffersonville Bridge & Railroad Company.

A. C. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to guarantee the due and punctual payment of the principal and interest of the Louisville & Jeffersonville Bridge & Railroad Company's 10-year 6 per cent promissory note for \$54,000, payable to the order of the United States. This note and another note for \$108,000, similarly guaranteed by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, are to be given to the Secretary of the Treasury in return for a loan of \$162,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to way and structures of the Louisville & Jeffersonville Bridge & Railroad Company made and to be made during the year 1920 and subsequently.

Details concerning the notes, the guaranty thereof, the purpose of the loan, and the bonds to be pledged with the Secretary of the Treasury as security therefor are set forth in the application of the Louisville & Jeffersonville Bridge & Railroad Company, Finance Docket No. 1111, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of one-third of the outstanding capital stock of said company, whose transportation facilities constitute an important part of the applicant's terminal facilities.

65 I. C. C.

The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed guaranty of said note by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date thereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chesapeake & Ohio Railway Company be, and it is hereby, authorized to guarantee the due and punctual payment of the principal and interest of the promissory note of the Louisville & Jeffersonville Bridge & Railroad Company in the principal amount of \$54,000, payable to the order of the United States of America, to be payable 10 years after date and to bear interest at the rate of 6 per cent per annum, payable semiannually, according to the tenor thereof, but without any right of subrogation in any stocks, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until said loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with the Commission a certified copy of the said note and the said guaranty within 10 days after the execution of said guaranty.

65 I. C. C.

FINANCE DOCKET No. 1110.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIA SOUTHERN RAILROAD COMPANY FOR AUTHORITY TO ISSUE A NOTE AND TO ISSUE AND PLEDGE FIRST-MORTGAGE BONDS.

Submitted December 29, 1920. Decided January 26, 1921.

Authority granted (1) to issue applicant's six months' promissory note or notes aggregating \$37,000, bearing interest at the rate of 6 per cent per annum, payable to the order of the First National Bank of Richmond, Va., and (2) to issue \$150,000 of its first-mortgage 6 per cent gold bonds, and to pledge \$76,000 of them as security for a loan from the United States under section 210 of the transportation act, 1920, as amended, and \$74,000 as security for a note to the First National Bank of Richmond, Va.

H. G. Buchanan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Virginia Southern Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue a note or notes aggregating \$37,000, payable to the order of the First National Bank of Richmond, Va., to issue \$150,000 of its first-mortgage 6 per cent gold bonds, as provided in a proposed indenture of mortgage, copy of which is on file in this proceeding, and to pledge \$76,000 of said bonds as security for a loan from the United States under section 210 of the transportation act, 1920, as amended, and \$74,000 as security for the hereinbefore mentioned note or notes.

Applicant has a past-due first mortgage on its property securing the sum of \$75,000, which is being carried temporarily by the First National Bank of Richmond, Va., payment of which has been demanded. Applicant submits that it has exhausted every resource to meet payment thereof and having been unable to do so the bank has agreed to advance \$37,000 toward payment of the mortgage if applicant secures a loan from the United States to cover the balance. As evidence of its debt to the bank applicant proposes to issue a promissory note or notes for \$37,000, bearing interest at the rate of 6 per cent per annum, and maturing six months from date of issue,

and to renew said note or notes from time to time if unable to pay the same out of income of the carrier or through the sale of bonds.

We have heretofore approved the making of a loan of \$38,000 to applicant under the provisions of section 210 of the transportation act, 1920, as amended, as evidenced by our certificate No. 66. To secure this loan and the loan from the bank applicant now proposes to execute and deliver to the Virginia Trust Company an indenture of mortgage or deed of trust for the purpose of securing applicant's first-mortgage gold bonds, authority for the issue of which is here asked. The proposed mortgage authorizes the issue of not exceeding \$150,000 of said bonds. These bonds are to be dated January 1, 1921, to mature January 1, 1931, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 1st days of January and July in each year.

Applicant's line, with that of the Marion & Rye Valley Railway Company, forms a small system of standard-gauge railroad of about 30 miles, extending from Marion to Troutdale, Va. The Marion & Rye Valley Railway connects with the Norfolk & Western at Marion. No other railroad serves this section of the state, which is rich in the products of agriculture, stock raising, mining, and lumbering. Approximately 50 per cent of the traffic originates on the road of applicant. The revenue freight amounts to approximately 65,000 tons annually, and the road has shown a net profit on operations each year since 1909 except 1911, 1918, and 1919, in which years there was an inconsiderable deficit. The first four months of 1920 also show a deficit, but for September, the first month in which the advanced rates went into effect, there was a net income of \$625.58.

The authorized stock of applicant consists of \$25,000, par value, on which only one dividend has been paid, amounting to 50 per cent, in June, 1915. The balance sheet of April 30, 1920, shows an investment in road and equipment of \$154,668. In 1916, however, we called applicant's attention to the fact that it had built up a depreciation reserve sufficient to cover the service value of its equipment and that further depreciation charges on account of such equipment were therefore unnecessary.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers. Notice of the filing of the application was given to, and a copy thereof filed with, the governor of the state of Virginia, the only state in which applicant operates. No objection to the granting of the application has been offered by the State Corporation Commission, or other authority of that state.

We find that the issue of applicant's promissory note, the execution of the proposed first mortgage by applicant and the issue of bonds

thereunder, and the pledging of said bonds (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

We further find that the obligation to be created by the issue of said note, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant outstanding at the date of the application.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Virginia Southern Railroad Company be, and it is hereby, authorized to issue for the purpose of meeting in part a debt due the First National Bank of Richmond, Va., its promissory note or notes in the sum of \$37,000, to be dated as of the date of issue, payable to the order of said bank not later than six months thereafter, and to bear interest at the rate of 6 per cent per annum, with the privilege of renewal during an aggregate period of not more than two years; said note or notes to be in the form submitted with the application.

It is further ordered, That the Virginia Southern Railroad Company be, and it is hereby, authorized (1) to issue as of the date of January 1, 1921, \$150,000 of first-mortgage 6 per cent gold bonds, the same to be issued under and pursuant to, and to be secured by, a proposed first mortgage, to be dated January 1, 1921, and made by applicant to Virginia Trust Company, copy of which has been filed in this proceeding, the principal of these bonds to be payable on January 1, 1931, and to bear interest at the rate of 6 per cent per annum, payable semiannually, on the 1st day of January and July in each year, and said bonds to be issued as provided in the mortgage; (2) to pledge \$74,000 of said bonds as security for the promissory note or notes to First National Bank of Richmond, Va., authority for the issuance of which is herein granted, and (3) to pledge \$76,000 of said bonds as security for a loan to applicant in the sum of \$38,000, under section 210 of the transportation act, 1920, as amended.

It is further ordered, That the said first-mortgage 6 per cent gold bonds herein authorized to be issued and pledged, shall not, until otherwise ordered by this Commission, be sold, pledged, repledged, or otherwise disposed of by applicant except as authorized in this order.

It is further ordered, That applicant shall make report to the Commission of the issue of said note or notes and of the issue and pledge of bonds, as herein authorized, within 10 days after the same shall have been issued, or issued and pledged, and of the taking up or cancellation of the note or notes and of the release of bonds from any such pledge or pledges within 10 days after such taking up or cancellation or after each or any of said bonds shall have been so released.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note or interest thereon, or as to said bonds, or interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1163.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR AUTHORITY TO EXECUTE AN EQUIPMENT-TRUST AGREEMENT AND LEASE, AND TO ASSUME OBLIGATION AS GUARANTOR OF TRUST CERTIFICATES.

Submitted January 10, 1921. Decided January 28, 1921.

Authority granted (1) to enter into a proposed equipment-trust agreement to be dated February 1, 1921, by the applicant, vendors of certain equipment, and the Commercial Trust Company, under which said equipment will be held in trust for the benefit of holders of \$650,000 of trust certificates to be issued thereunder; (2) to enter into a separate agreement of lease covering said equipment; and (3) to assume obligation or liability as guarantor by indorsement for the payment of the principal of said trust certificates for \$1,000 each and dividends thereon at the rate of 6½ per cent per annum.

A. R. Lawton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central of Georgia Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to execute an equipment-trust agreement and a lease of the trust equipment in accordance therewith, and guarantee by indorsement the payment of the principal and dividends of trust certificates to be issued under said agreement, in the aggregate amount of \$650,000.

The applicant desires to procure 7 locomotives, 13 passenger cars, and 4 express cars, at an estimated total cost of \$1,088,835.42.

Part of the funds needed to procure this equipment will be derived from a loan in the sum of \$237,900 from the United States to the applicant under section 210 of the transportation act, 1920, as amended, the making of which we have heretofore approved by our certificate No. 12, upon condition that the balance should be financed by the applicant from other sources at a cost not to exceed 7½ per cent per annum, including interest, discounts, attorneys' fees, and other expenses.

65 I. C. C.

In order to provide for this balance, it is proposed that Harry E. Righter and Andrew S. Hannum, termed the vendors, the-Commercial Trust Company, termed the trustee, and the applicant shall enter into an agreement to be dated February 1, 1921, and to be known as the Central of Georgia equipment trust, series M, a copy of which is filed with the application, and under which the vendors will convey and deliver the trust equipment to the trustee in trust for the equal benefit of the holders of the interests represented by the said trust certificates.

Simultaneously with the execution of the trust agreement, the trustee and the applicant will enter into an agreement of lease, likewise to be dated February 1, 1921, copy of which is also filed in this proceeding, and under which the applicant will agree, among other things, to pay to the trustee rent which shall be sufficient to pay and discharge the principal of the trust certificates and the dividend warrants attached thereto when and as the same shall become due and payable. This lease shall continue in effect until the applicant has paid all rent and other charges in conformity with the terms thereof. Upon the termination of the lease, the title to the equipment will become vested in the applicant.

Each certificate will be for \$1,000. Certificates in aggregate amount of \$60,000 will be due and payable on the 1st day of February, 1926, and in the aggregate amount of \$59,000 on the 1st day of February in each of the years 1927 to 1936, inclusive. Attached to each certificate will be dividend warrants payable at the rate of 6½ per cent per annum from February 1, 1921, to and including the designated date of maturity, payable semiannually on the 1st days of February and August in each year.

It is provided in the proposed trust agreement that the applicant shall at or before the issue and delivery of the trust certificates by the trustee, indorse upon each its guaranty of prompt payment of the principal thereof and of the dividends thereon.

Arrangements have been made with Kuhn, Loeb & Company for the sale of the certificates at 96 per cent of par.

The application was made under oath, and signed and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the execution of the proposed trust agreement and lease by the applicant and its assumption of obligation or liability as guarantor by indorsement of the trust certificates to be issued un-

der the trust agreement (a) are for lawful objects within its corporate purposes and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized (1) to enter into an equipment-trust agreement to be dated February 1, 1921, between Harry E. Righter and Andrew S. Hannum, the Commercial Trust Company, and the applicant, under which the equipment described in the application will be conveyed in trust for the equal benefit of the holders of the trust certificates to be issued by said Commercial Trust Company known as Central of Georgia equipment-trust certificates, series M, in the aggregate amount of \$650,000; said trust certificates to be in the principal amount of \$1,000 each, to be dated February 1, 1921, and to be payable serially in 11 annual instalments on the 1st day of February in each year from 1926 to 1936, inclusive, as set forth in the application; each of said certificates to have attached thereto appropriate dividend warrants evidencing the right of the holder of the certificate to dividends thereon, at the rate of 6½ per cent per annum from the 1st day of February, 1921, payable semiannually on the 1st days of February and August in each year to and including the respective dates of maturity designated therein; (2) to enter into lease of the equipment with the Commercial Trust Company, to be dated February 1, 1921, under which the applicant will have the use and possession of the equipment and will become obligated to pay, among other things, rent which shall be in a sum sufficient to pay and discharge the principal of the aforesaid trust certificates and dividend warrants attached thereto; and (3) to assume obligation of liability as guarantor by indorsement of each of the aforesaid Central of Georgia equipment-trust certificates, series M, for the prompt payment of the principal thereof when and as the same shall come due and payable and of the dividends thereon at the rate of 6½ per cent per annum on the semiannual dates specified in the trust certificates and the dividend warrants attached thereto, said indorsement to be substantially in the form submitted with the application.

S I. C. C.

It is further ordered, That the applicant be, and it is hereby, authorized to sell or otherwise dispose of said trust certificates at such price, not less than 96 per cent of par, that the total cost of the issue and sale or disposition thereof shall not exceed 7.1 per cent per annum on the principal amount thereof, including in such cost the semiannual dividends, discounts, attorneys' fees, and all other expenses in connection therewith.

It is further ordered, That the said certificates shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise disposed of unless and until otherwise ordered by this Commission.

It is further ordered, That the applicant shall report to the Commission all pertinent facts in connection with (1) the execution of said trust agreement and lease within 10 days thereafter, and (2) the sale or other disposition of said certificates or any of them, as herein authorized within 10 days thereafter; such reports to be in writing and verified by an executive officer of the applicant having knowledge of the facts therein contained.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates or dividends thereon.

AMENDED ORDER.

(February 5, 1921.)

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on January 26, 1921, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized (1) to enter into an equipment-trust agreement to be dated February 1, 1921, between Harry E. Righter and Andrew S. Hannum, the Commercial Trust Company, and the applicant, under which the equipment described in the application will be conveyed in trust for the equal benefit of the holders of the trust certificates to be issued by said Commercial Trust Company and to be known as the Central of Georgia equipment-trust certificates, series M in the aggregate amount of \$650,000; these trust certificates to be in the principal amount of \$1,000 each, to be dated February 1, 1921, and to be payable serially in 11 annual installments on the 1st day of February in each year from 1926 to 1936, inclusive, as set forth in the application; each of the certificates to have attached thereto appropriate dividend warrants evidencing the right of the holder of the certificate to dividends thereon, at the rate of 6½ per cent per annum from the 1st day of February, 1921, payable semiannually on the 1st days of February and August

65 I. C. C.

in each year to and including the respective dates of maturity designated therein; (2) to enter into a lease of the equipment with said Commercial Trust Company, to be dated February 1, 1921, under which the applicant will have the use and possession of the equipment and will become obligated to pay, among other things, rent which shall be in a sum sufficient to pay and discharge the principal of the aforesaid trust certificates and dividend warrants attached thereto; and (3) to assume obligation or liability as guarantor by indorsement of each of the aforesaid Central of Georgia equipment-trust certificates, series M, for the prompt payment of the principal thereof when and as the same shall become due and payable and of the dividends thereon at the rate of $6\frac{1}{2}$ per cent per annum on the semiannual dates specified in the trust certificates and the dividend warrants attached thereto, said indorsement to be substantially in the form submitted with the application.

It is further ordered, That the applicant be, and it is hereby, authorized to sell or otherwise dispose of said trust certificates at such price, not less than 96 per cent of par, that the total cost of the issue and sale or disposition thereof shall not exceed 7.1 per cent per annum on the principal amount thereof, including in such cost the semiannual dividends, discounts, attorneys' fees, and all other expenses of sale in connection therewith.

It is further ordered, That the said certificates shall not, except as authorized in this order, be sold, pledged, repledged, or otherwise disposed of unless and until otherwise ordered by this Commission.

It is further ordered, That the applicant shall report to this Commission all pertinent facts in connection with (1) the execution of said trust agreement and lease within 10 days thereafter, and (2) the sale or other disposition of said certificates or any of them, as herein authorized within 10 days thereafter; such reports to be in writing and verified by an executive officer of the applicant having knowledge of the facts therein contained.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates or dividends thereon.

65 I. C. C.

FINANCE DOCKET No. 1168.

**IN THE MATTER OF THE APPLICATION OF THE MARION
& RYE VALLEY RAILWAY COMPANY FOR AUTHORITY
TO ASSUME OBLIGATION TO GUARANTEE PAYMENT
OF NOTE OF THE VIRGINIA SOUTHERN RAILROAD
COMPANY.**

Submitted December 31, 1920. Decided January 26, 1921.

Authority granted applicant to assume obligation to indorse and guarantee payment of principal and interest of a note by the Virginia Southern Railroad Company to the Secretary of the Treasury in the face amount of \$38,000.

H. G. Buchanan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Marion & Rye Valley Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to assume obligation to indorse and guarantee payment of principal and interest of a note by the Virginia Southern Railroad Company to the Secretary of the Treasury in the face amount of \$38,000, to be dated as of the date of issue, to be payable 10 years from date and to bear interest at the rate of 6 per cent per annum, payable semiannually. Applicant and Virginia Southern Railroad Company together form a short system of railroad extending for a distance of approximately 30 miles from Marion to Troutdale, Va., the former having a mileage of 18.1 miles from Marion to Sugar Creek, Va., and connecting with the Norfolk & Western at Marion. Both railroads are under a common stock ownership and management.

The Virginia Southern Railroad Company has a past-due first mortgage for \$75,000 on its property, which has been carried temporarily by the First National Bank of Richmond, Va., but of which payment has been demanded. To meet this demand the Virginia Southern Railroad Company has secured a loan of \$37,000 from private sources, and another of \$38,000 from the United States,

65 I. C. C.

under section 210 of the transportation act, 1920, as amended. Our certificate authorizing the loan requires applicant, as additional security therefor, to indorse and guarantee payment of principal and interest of the note evidencing the same. All matters pertaining to the financial status of the applicant and the Virginia Southern Railroad Company have been gone into in detail in the report and order, Finance Docket No. 1033, and in Finance Docket No. 1110, and it is, therefore, not deemed necessary to repeat these details.

The application was made under oath and signed and filed on behalf of the carrier by one of its executive officers. Notice of the filing of the application has been given to, and a copy thereof filed with; the governor of the state of Virginia, the only state in which the carrier operates. No objection to the granting of the application has been offered by the State Corporation Commission or other authority of that state.

We find that the proposed assumption of obligation to indorse and guarantee payment of the principal and interest of said note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Full investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Marion & Rye Valley Railway Company be, and it is hereby, authorized to assume, as indorser and guarantor, the obligation of paying the principal and interest of a note in the face amount of \$38,000, to be issued by the Virginia Southern Railroad Company as evidence of a loan in that amount from the United States under section 210 of the transportation act, 1920, as amended, but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until such loan and all interest thereon and expenses thereof are paid in full; said note to be dated as of the date of issue, to be payable to the order of the Secretary of the Treasury 10 years after date, and to bear interest at the rate of 6 per cent per annum, payable semiannually.

It is further ordered, That applicant shall report to this Commission in writing, properly verified by an executive officer having knowledge of the facts, all pertinent matters relating to the indorsement and guaranty of said note within 10 days after such indorsement and guaranty.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said indorsement and guaranty on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 184.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
MONSON RAILROAD COMPANY UNDER SECTION 204
OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided January 27, 1921.

1. The Monson Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Monson Railroad Company, under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$11,623.92, from which there is deductible an amount of \$2,940.90 due from said Monson Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness. Certificate issued.

Charles J. Wier for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Monson Railroad Company, hereinafter termed the carrier, a corporation of the state of Maine, is a steam railroad company which, during the federal control period, engaged as a common carrier in general transportation, operating between Monson and Monson Junction, Me., a distance of approximately 8.16 miles, its lines connecting at Monson Junction with the Bangor & Aroostook Railroad, a line of railway or system of transportation under federal control. It sustained a deficit in its railway operating income while under private operation in the federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under federal control from January 1 to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the Director General for any portion of the federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period July 1, 1918, to February 29, 1920, inclusive, of \$11,681.05, whereas our examination of the accounts shows the correct amount for that period to be \$11,623.92. The operated mileage during both the federal control period and the test period was 8.16 miles.

65 I. C. C.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso in paragraph (a) of section 5 of the standard contract between the Director General and the carriers under federal control, we have fixed the maintenance allowance at the amount claimed by the carrier.

We find a net credit of \$11,623.92 due the carrier under section 204 in reimbursement of deficits during federal control, from which there is deductible an amount of \$2,940.90 due from the carrier to the President, as operator of the transportation systems under federal control, on account of traffic balances and other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-30 under Section 204 of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

Pursuant to section 204 of the transportation act, 1920, the Interstate Commerce Commission has ascertained from annual and special reports made to it by the Monson Railroad Company, a carrier as defined in section 204, that the Monson Railroad Company sustained a deficit in its railway operating income for that portion (as a whole) of the period of federal control during which it operated its own railroad or system of transportation, and hereby certifies that under the provisions of paragraphs (f) and (g) of said section 204 there is payable to the said Monson Railroad Company the sum of \$11,623.92.

The Commission also hereby certifies that there is an amount of \$2,940.90 due from the said Monson Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

The Commission hereby certifies that it has this date canceled certificate No. B-19, dated the 26th day of August, 1920, which certified to the Secretary of the Treasury of the United States a payment of \$12,444.97 in favor of the Monson Railroad Company, subject to a deduction of \$2,940.90 due from the Monson Railroad Company to the President (as operator of the transportation systems under federal control) on account of traffic balances and other indebtedness.

Dated this 27th day of January, 1921.

U. S. C. C.

FINANCE DOCKET No. 984.

IN THE MATTER OF THE AMENDED APPLICATION OF
THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR
LOAN FROM THE UNITED STATES TO AID IN PROVID-
ING NEW EQUIPMENT.

Approved January 27, 1921.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

*Amendment to Amended Certificate No. 12 for a Loan under Section
210 of the Transportation Act, 1920, as Amended.*

The Interstate Commerce Commission hereby amends its amended certificate No. 12, of January 18, 1921, by substituting the following paragraph for and in place of subparagraph (b) of paragraph 5 of said amended certificate No. 12:

(b) The loan shall be secured by the pledge of applicant's refunding and general mortgage 40-year series-A 6 per cent gold bond, due 1959, issued under an indenture of mortgage, dated April 1, 1919, executed by the applicant to the United States Mortgage & Trust Company, of New York, as trustee. Said bond is numbered 2, of a principal amount of \$300,000, is in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series and aggregate principal amount, substantially identical in tenor and of authorized denominations when prepared.

Done at Washington, D. C., this 27th day of January, 1921.

65 I. C. C.

FINANCE DOCKET No. 1126.

IN THE MATTER OF THE APPLICATION OF THE INDIANA HARBOR BELT RAILROAD COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE GENERAL-MORTGAGE BONDS.

Submitted December 6, 1920. Decided January 27, 1921.

Authority granted to issue \$579,000 of 5 per cent general-mortgage gold bonds and to pledge such bonds with the Secretary of the Treasury as security for a loan from the United States.

Robert J. Cary for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Indiana Harbor Belt Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to issue and pledge as security for a loan from the United States \$579,000 of its 5 per cent general-mortgage gold bonds, to be dated July 1, 1907 (or, if registered bonds, the date of issue), to mature July 1, 1957, and to be issued under a certain mortgage.

We have granted applicant a loan of \$579,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. As evidence of this loan applicant will give its 10-year 6 per cent promissory notes aggregating \$579,000, secured by the pledge of said bonds. These notes, four in number, will be guaranteed as to payment of both principal and interest as follows:

Guaranteed by—

	Amount.
New York Central Railroad Company-----	\$174,000
Michigan Central Railroad Company-----	173,000
Chicago, Milwaukee & St. Paul Railway Company-----	116,000
Chicago & North Western Railway Company-----	116,000
Total -----	579,000

All of applicant's capital stock is owned by the above-mentioned companies, and the amounts to be thus guaranteed are substantially proportionate to their respective holdings of such stock, namely, New York Central Railroad Company, 30 per cent; Michigan Central Railroad Company, 30 per cent; Chicago, Milwaukee & St. Paul

65 I. C. C.

Railway Company, 20 per cent; and Chicago & North Western Railway Company, 20 per cent.

The bonds are to be issued under and secured by a general mortgage made by the applicant under date of November 1, 1907, to the Guaranty Trust Company of New York, as trustee, authorizing an issue of \$25,000,000. The bonds will be issued in respect of the additions and betterments to equipment and way and structures for which the proceeds of the notes are to be expended, as set forth in schedule A filed with the application.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed issue and pledge of said bonds by the applicant (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Indiana Harbor Belt Railroad Company be, and it is hereby, authorized (1) to issue \$579,000 of its general-mortgage gold bonds, to be dated July 1, 1907 (or, if registered bonds, the date of issue), to mature July 1, 1957, to bear interest at the rate of 5 per cent per annum, payable semiannually on the 1st day of January and July in each year, to be in the form set forth in the application, and to be issued under and pursuant to and to be secured by a mortgage dated November 1, 1907, made by the applicant to the Guaranty Trust Company of New York, as trustee; and (2) to pledge said bonds with the Secretary of the Treasury as collateral security for a loan from the United States in the sum of

\$579,000, to be evidenced by four 10-year 6 per cent guaranteed promissory notes of the applicant as follows:

Guaranteed by—	Amount.
New York Central Railroad Company.....	\$174,000
Michigan Central Railroad Company.....	173,000
Chicago, Milwaukee & St. Paul Railway Company.....	116,000
Chicago & North Western Railway Company.....	116,000

the proceeds of said loan to be used solely for additions and betterments to equipment and way and structures of the applicant as set forth in the application.

It is further ordered, That the bonds herein authorized to be pledged shall not, until otherwise ordered by the Commission, be sold, pledged, repledged, or otherwise disposed of except as authorized in this order.

It is further ordered, That the applicant shall within 10 days after the issue and pledge of said bonds herein authorized, report to this Commission all pertinent facts relating to said issue and pledge, and shall also report the payment or satisfaction of said notes and the release of said bonds from said pledge within 10 days after such payment or satisfaction and release from pledge; each of such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

65 I. C. C.

FINANCE DOCKET No. 1127.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE INDIANA HARBOR BELT RAILROAD COMPANY.

Submitted December 4, 1920. Decided January 27, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Indiana Harbor Belt Railroad Company for \$174,000 as part security for a loan of \$579,000 from the United States to said Indiana Harbor Belt Railroad Company.

Robert J. Cary for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to guarantee the payment of the principal and interest of the promissory note of the Indiana Harbor Belt Railroad Company for \$174,000, payable 10 years from the date thereof to the order of the United States, and bearing interest at the rate of 6 per cent per annum, payable semiannually. This note and other notes for \$173,000, \$116,000, and \$116,000, guaranteed, respectively, by the Michigan Central Railroad Company, the Chicago, Milwaukee & St. Paul Railway Company, and the Chicago & North Western Railway Company, are to be given to the Secretary of the Treasury in return for a loan of \$579,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to equipment and to way and structures of the Indiana Harbor Belt Railroad Company.

Details concerning the notes, the guaranty thereof, the purpose of the loan and the bonds to be pledged with the Secretary of the Treasury as security therefor are set forth in the application of the Indiana Harbor Belt Railroad Company, Finance Docket No. 1126, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of 30 per cent of the out-
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standing capital stock of said company, whose transportation facilities constitute an important part of the applicant's terminal facilities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of the states of Ohio and Michigan have been filed by the public utilities commissions of those states, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain states, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. We are of the opinion that we have jurisdiction.

The answer on behalf of Michigan also asserts that such state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

No objection to the granting of the application has been offered by any other state authority.

We find that the proposed guaranty of said note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York Central Railroad Company be, and it is hereby, authorized to guarantee the due and punctual payment of the principal and interest of the promissory note of the

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Indiana Harbor Belt Railroad Company in the amount of \$174,000, payable 10 years after date to the order of the United States and bearing interest at the rate of 6 per cent per annum, payable semi-annually, according to the tenor thereof; but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until such loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with this Commission a certified copy of the said note and of the guaranty thereof herein authorized within 10 days after the delivery of the said note.

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FINANCE DOCKET No. 1128.

IN THE MATTER OF THE APPLICATION OF THE MICHIGAN CENTRAL RAILROAD COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE INDIANA HARBOR BELT RAILROAD COMPANY.

Submitted December 4, 1920. Decided January 27, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Indiana Harbor Belt Railroad Company for \$173,000, as part security for a loan of \$579,000 from the United States.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4.

The Michigan Central Railroad Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to guarantee the payment of the principal and interest of the promissory note of the Indiana Harbor Belt Railroad Company for \$173,000, payable 10 years from the date thereof to the order of the United States, and bearing interest at the rate of 6 per cent per annum, payable semiannually. This note and other notes for \$174,000, \$116,000, and \$116,000, guaranteed respectively by the New York Central Railroad Company, the Chicago, Milwaukee & St. Paul Railway Company, and the Chicago and North Western Railway Company are to be given to the Secretary of the Treasury in return for a loan of \$579,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to equipment and to way and structures of the Indiana Harbor Belt Railroad Company.

Details concerning the notes, the guaranty thereof, the purpose of the loan and the bonds to be pledged with the Secretary of the Treasury as security therefor are set forth in the application of the Indiana Harbor Belt Railroad Company, Finance Docket No. 1126, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of 30 per cent of the outstanding capital stock of said company, whose transportation

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facilities constitute an important part of the applicant's terminal facilities.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, answers containing representations on behalf of the states of Ohio and Michigan have been filed by the public utilities commissions of those states, in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain states, we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government is not answerable to the federal government in any degree so far as its security issues are concerned. We are of the opinion that we have jurisdiction.

The answer on behalf of Michigan also asserts that such state is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it, a statutory fee becomes payable to the state of Michigan before the issue or sale of the securities takes place.

No objection to the granting of the application has been offered by any other state authority.

We find that the proposed guaranty of said note by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Michigan Central Railroad Company be, and it is hereby, authorized to guarantee the due and punctual pay-
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ment of the principal and interest of the promissory note of the Indiana Harbor Belt Railroad Company in the principal amount of \$178,000, payable 10 years after date to the order of the United States, and bearing interest at the rate of 6 per cent per annum, payable semiannually, according to the tenor thereof; but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until said loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with this Commission a certified copy of the said note and of the guaranty thereof herein authorized, within 10 days after the delivery of the said note.

65 I. C. C.

FINANCE DOCKET No. 1133.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & NORTH WESTERN RAILWAY COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE INDIANA HARBOR BELT RAILROAD COMPANY.

Submitted December 9, 1920. Decided January 27, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Indiana Harbor Belt Railroad Company for \$116,000, as part security for a loan of \$579,000 from the United States.

James Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago & North Western Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act to guarantee the payment, principal and interest, of the promissory note of the Indiana Harbor Belt Railroad Company for \$116,000, payable 10 years from the date thereof to the order of the United States, and bearing interest at the rate of 6 per cent per annum, payable semiannually. This note and other notes for \$174,000, \$173,000, and \$116,000, guaranteed respectively by the New York Central Railroad Company, the Michigan Central Railroad Company, and the Chicago, Milwaukee & St. Paul Railway Company are to be given to the Secretary of the Treasury in return for a loan of \$579,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to equipment and to way and structures of the Indiana Harbor Belt Railroad Company.

Details concerning the notes, the guaranty thereof, the purposes of the loan, and the bonds to be pledged with the Secretary of the Treasury as security therefor are set forth in the application of the Indiana Harbor Belt Railroad Company, Finance Docket No. 1126, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of 20 per cent of the outstanding capital stock of said company, whose transportation facilities constitute an important part of the applicant's terminal facilities.

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The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with, the governors of each of the states in which the applicant operates. No objection to the granting of the application has been offered by any state authority.

We find that the proposed guaranty of said note by the applicant (a) is for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & North Western Railway Company be, and it is hereby, authorized to guarantee the due and punctual payment of the principal and interest of the promissory note of the Indiana Harbor Belt Railroad Company in the principal amount of \$116,000, payable 10 years after date to the order of the United States and bearing interest at the rate of 6 per cent per annum, payable semiannually, according to the tenor thereof; but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of such loan and for any interest thereon unless and until said loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with the Commission a certified copy of the said note and of the guaranty thereof herein authorized within 10 days after the delivery of the said note.

65 I. C. C.

FINANCE DOCKET No. 1184.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR AUTHORITY TO GUARANTEE A NOTE OF THE INDIANA HARBOR BELT RAILROAD COMPANY.

Submitted December 9, 1920. Decided January 27, 1921.

Authority granted to guarantee the 10-year 6 per cent promissory note of the Indiana Harbor Belt Railroad Company for \$116,000 as part security for a loan of \$579,000 from the United States.

Burton Hanson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority, under section 20a of the interstate commerce act, to guarantee the payment of the principal and interest of the promissory note of the Indiana Harbor Belt Railroad Company for \$116,000, payable 10 years from the date thereof to the order of the United States, and bearing interest at the rate of 6 per cent per annum, payable semiannually. This note, and other notes for \$174,000, \$173,000, and \$116,000, guaranteed, respectively, by the New York Central Railroad Company, the Michigan Central Railroad Company, and the Chicago & North Western Railway Company, are to be given to the Secretary of the Treasury in return for a loan of \$579,000 from the revolving fund established by section 210 of the transportation act, 1920, as amended. The proceeds of the loan are to be used for additions and betterments to equipment and to way and structures of the Indiana Harbor Belt Railroad Company.

Details concerning the notes, the guaranty thereof, the purposes of the loan, and the bonds to be pledged with the Secretary of the Treasury as security therefor are set forth in the application of the Indiana Harbor Belt Railroad Company, Finance Docket No. 1126, and in our report thereon. The consideration for the guaranty by the applicant arises from its ownership of 20 per cent of the outstanding capital stock of said company, whose transportation facilities constitute an important part of the applicant's terminal facilities.

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The application was made under oath and signed and filed on behalf of the applicant by one of its executive officers.

As required by section 20a of the interstate commerce act, notice of the filing of the application has been given to, and a copy thereof filed with the governor of each of the states in which the applicant operates. While no request for a hearing has been made by any state authority, an answer containing representations on behalf of the state of Michigan has been filed by the public utilities commission of that state in which dismissal of the application is asked on the grounds (1) that as the applicant is a railroad corporation organized and existing under the laws of certain states we have no jurisdiction; (2) that the issue of securities by the applicant does not involve a federal question; and (3) that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. The answer also asserts that the state of Michigan is financially interested in the issue of securities by the applicant, for the reason that upon such issue being authorized by it a statutory fee becomes payable to the state before the issue or sale of the securities takes place.

No objection to the granting of the application has been offered by any other state authority.

We find that the proposed guaranty of said note by the applicant: (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said division having, on the date hereof, made and filed a report containing its findings thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, Milwaukee & St. Paul Railway Company be, and it is hereby, authorized to guarantee the due and punctual payment, principal and interest, of the promissory note of the Indiana Harbor Belt Railroad Company in the principal amount of \$116,000, payable 10 years after date to the order of the United States and bearing interest at the rate of 6 per cent per annum, pay-

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able semiannually, according to the tenor thereof; but without any right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said loan and for any interest thereon unless and until said loan and all interest thereon and expenses thereof are paid in full.

It is further ordered, That the applicant shall file with the Commission a certified copy of the note and of the guaranty thereof herein authorized within 10 days after the delivery of the note.

65 I. C. C.

FINANCE DOCKET No. 702.

IN THE MATTER OF SETTLEMENT WITH THE NORFOLK
SOUTHERN RAILROAD COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 3, 1921. Decided January 29, 1921.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Norfolk Southern Railroad Company ascertained to be \$1,311,700.63. An aggregate amount of \$700,000 having been certified for payment to that company as advances under paragraph (h) of said section, the amount to be certified in final settlement with said company is \$611,700.63. Certificate issued.

Joseph H. Young for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Norfolk Southern Railroad Company, hereinafter termed the carrier, is a steam railroad company which, during the guaranty period engaged as a common carrier in general transportation in the states of Virginia and North Carolina. The carrier's railroad was under federal control during the entire period of federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 11, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, have been examined, and it has been ascertained that the debits and credits from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied the rule set forth in the proviso in paragraph (a) of section 5 of the "standard contract" between the United States and the carrier, so far as practicable. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway

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operating income for either the test or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended. As a result of our investigation it is ascertained that the amount necessary to make good the guaranty to the carrier is \$1,311,700.63, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$681,865.01
One-half amount of annual compensation under federal control act.....	626,379.92
One-half amount of annual increase in just compensation under section 4 of the federal control act.....	17,973.85
Total amount claimed.....	\$1,326,218.78

Adjustments:

One-half amount of annual increase in just compensation under section 4 of the federal control act, as claimed.....	\$17,973.85
Amount allowed under section 4 of the federal control act.....	14,598.20

Deduction	3,375.65
Deduction account of adjustment of unaudited accounts estimated and agreed to under section 212 (b) of the transportation act, 1920.....	11,142.50
Total deductions.....	14,518.15

Amount necessary to make good the guaranty..... 1,311,700.63

Certificates for advances under section 209(h) have been issued by us in favor of this carrier on the dates and for the amounts specified as follows:

July 20, 1920.....	\$310,000
August 12, 1920.....	240,000
August 31, 1920.....	75,000
October 9, 1920.....	75,000
Total advances certified.....	700,000

The amount still due the carrier is therefore \$611,700.63, for which an appropriate certificate will be issued.

Certificate No. A 318 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the Commission, hereby certifies that the Norfolk Southern Railroad
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Company, a corporation of the state of Virginia, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the Commission on or before March 15, 1921, a written statement that it accepted all of the provisions of the said section 209.

2. The Commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,311,700.63 is necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The Commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$700,000 under four certificates, as follows:

July 20, 1920, certificate No. 102.....	\$310,000
August 12, 1920, certificate No. 146.....	240,000
August 31, 1920, certificate No. 227.....	75,000
October 9, 1920, certificate No. 250.....	75,000

4. The Commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, less the amount of advances previously certified under section 209(h), is \$611,700.63.

Dated this 29th day of January, 1921.

65-I. C. C.

FINANCE DOCKET No. 1049.

IN THE MATTER OF THE APPLICATION OF THE PEORIA
& PEKIN UNION RAILWAY COMPANY FOR A LOAN
FROM THE UNITED STATES TO MEET MATURING
INDEBTEDNESS.

Submitted January 19, 1921. Decided January 29, 1921.

Application granted in part and loan of \$1,799,000 approved.

J. M. Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Peoria & Pekin Union Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 31, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid the applicant in meeting its maturing indebtedness. On January 11 and 17, 1921, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,811,000.
2. That the term for which the loan is desired is five years from February 1, 1921.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in meeting its maturing indebtedness as follows:

Purposes.	Principal amount.	Financed by applicant.	Loan from United States
Maturity of—			
Applicant's first-mortgage 40-year 6 per cent gold bonds, due Feb. 1, 1921.....	\$1,495,000	.....	.....
Applicant's 40-year income or second-mortgage 4½ per cent gold bonds, due Feb. 1, 1921.....	1,499,000	.....	.....
Total	2,994,000	\$1,183,000	\$1,811,000

Applicant has filed with us application under section 20a of the act (Finance Docket No. 1129) for authority to extend the entire

issue of said bonds for a term of five years from February 1, 1921, with interest at the rate of 7 per cent per annum. The proposed loan as aforesaid is for the purpose of funding at maturity such of said bonds as may be outstanding in the hands of the holders thereof who decline to accept the offer of extension, of an aggregate principal amount estimated to equal the amount of the proposed loan.

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is a principal amount of said extended bonds equal to the amount of the loan, and in addition thereto the unrestricted indorsements and guaranties of the following-named proprietor companies, in proportions of their ownership in the capital stock of the applicant:

	Per cent.
Illinois Central Railroad Company.....	25
Chicago, Peoria & St. Louis Railroad Company.....	25
Peoria & Eastern Railway Company.....	12.5
Chicago & North Western Railway Company.....	12.5
Lake Erie & Western Railroad Company.....	10
Total.....	85

The remaining 15 per cent of the capital stock of the applicant stands in the name of Toledo, Peoria & Western Railway Company and is held in escrow pending the release of a mortgage covering certain tracks in the city of Peoria, which are to be conveyed by the Toledo, Peoria & Western Railway Company to the applicant in consideration of said stock. The Toledo, Peoria & Western Railway Company is not in position at this time to obtain such release and, therefore, is not in position to assume its proportionate guaranty of the repayment of the loan.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to restore its credit which is essential to the procurement of material and supplies necessary for the operation of the road. The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

January 18, 1921, applicant, by its general counsel, orally represented to us that additional holders of the aforesaid bonds had agreed to the proposed extension thereof, and that the loan should accord-

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ingly be reduced by the amount of \$12,000 and that the principal amount of said bonds offered as collateral security for the loan is correspondingly reduced.

After investigation we find that the making of a loan of \$1,799,000 is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

We approve, as security in part for the loan, the indorsements and guaranties of the aforesaid proprietor companies. The certificate will provide that the guarantors shall waive any right of subrogation in the collateral security for the loan until the loan shall have been repaid in full.

An appropriate certificate will be issued.

Certificate No. 67 for a Loan under Section 810 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,799,000, in six parts as hereinafter set forth, by the United States to the Peoria & Pekin Union Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,799,000.

4. That the time from the making thereof within which the entire loan is to be repaid in full is five years from February 1, 1921.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

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(a) The loan shall be made in six parts in the order set forth as follows: (1) The first part of the loan shall be in the amount of \$449,750 and shall be secured by the unrestricted indorsement and guaranty of the Illinois Central Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the state of Illinois; (2) the second part of the loan shall be in the amount of \$224,875 and shall be secured by the unrestricted indorsement and guaranty of the Peoria & Eastern Railway Company, a corporation duly organized and existing under and by virtue of the laws of the state of Illinois; (3) the third part of the loan shall be in the amount of \$179,900 and shall be secured by the unrestricted indorsement and guaranty of the Lake Erie & Western Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the state of Illinois; (4) the fourth part of the loan shall be in the amount of \$449,750 and shall be secured by the unrestricted indorsement and guaranty of the Chicago, Peoria & St. Louis Railroad Company, a corporation duly organized and existing under and by virtue of the laws of the state of Illinois; (5) the fifth part of the loan shall be in the amount of \$224,875 and shall be secured by the unrestricted indorsement and guaranty of the Chicago & North Western Railway Company, a corporation duly organized and existing under and by virtue of the laws of the states of Illinois, Wisconsin, and Michigan; and (6) the sixth part of the loan shall be in the amount of \$269,850.

(b) The entire loan shall be secured by the following described bonds: (1) \$1,121,000, principal amount, of applicant's first mortgage 40-year 6 per cent gold bonds, due February 1, 1921, issued under an indenture of mortgage dated February 1, 1881, executed by the applicant to the Central Trust Company, of New York, as trustee. Said bonds shall have been extended to February 1, 1926, with interest at the rate of 7 per cent per annum, under the terms of an extension agreement bearing date of February 1, 1921, executed by the applicant to the Central Union Trust Company of New York, as trustee, and the holders of said bonds outstanding under the said indenture of mortgage. The bonds are in definitive form, in the amount of \$1,000, are numbered, and are in principal amounts as hereinbelow set forth:

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Bond Nos. (inclusive).	Number of bonds.	Aggregate principal amounts.	Bond Nos. (inclusive).	Number of bonds.	Aggregate principal amounts.
77.....	37	\$37,000	767 and 768.....	2	\$2,000
45.....	4	4,000	772 to 784.....	13	13,000
d 77.....	2	2,000	787.....	1	1,000
133.....	43	43,000	790 to 799.....	10	10,000
o 140.....	14	14,000	801.....	1	1,000
.....	1	1,000	802 to 805.....	3	3,000
.....	1	1,000	807 to 809.....	3	3,000
nd 100.....	2	2,000	812 to 816.....	4	4,000
o 174.....	12	12,000	818.....	1	1,000
.....	1	1,000	825.....	1	1,000
o 190.....	10	10,000	832 to 833.....	5	5,000
o 200.....	9	9,000	835 to 843.....	9	9,000
o 212.....	3	3,000	845 to 853.....	8	8,000
o 219.....	3	3,000	854 to 860.....	7	7,000
o 223.....	30	30,000	862 to 870.....	5	5,000
nd 225.....	2	2,000	872 to 879.....	7	7,000
o 233.....	72	72,000	881 to 883.....	3	3,000
nd 240.....	2	2,000	885.....	1	1,000
o 240.....	5	5,000	887 to 890.....	13	13,000
.....	1	1,000	904 to 954.....	51	51,000
nd 255.....	2	2,000	956.....	1	1,000
.....	1	1,000	958.....	1	1,000
o 412.....	56	56,000	960 to 962.....	28	28,000
.....	1	1,000	961 to 965.....	5	5,000
.....	1	1,000	1001 to 1040.....	40	40,000
o 480.....	4	4,000	1055 to 1057.....	3	3,000
o 495.....	5	5,000	1060 to 1101.....	42	42,000
nd 496.....	2	2,000	1104.....	1	1,000
o 503.....	4	4,000	1105 to 1120.....	13	13,000
o 512.....	8	8,000	1122 to 1150.....	34	34,000
o 520.....	15	15,000	1152 to 1166.....	4	4,000
.....	1	1,000	1201 and 1202.....	2	2,000
o 543.....	9	9,000	1205 to 1251.....	47	47,000
.....	1	1,000	1252 to 1255.....	3	3,000
.....	1	1,000	1257.....	1	1,000
o 561.....	5	5,000	1260 to 1311.....	52	52,000
nd 564.....	2	2,000	1312.....	1	1,000
o 568.....	3	3,000	1315.....	1	1,000
.....	1	1,000	1312 to 1328.....	21	21,000
o 577.....	6	6,000	1340 to 1342.....	3	3,000
o 600.....	22	22,000	1344 to 1346.....	3	3,000
nd 606.....	2	2,000	1348.....	1	1,000
.....	1	1,000	1350 to 1355.....	16	16,000
nd 617.....	2	2,000	1356 to 1364.....	26	26,000
o 623.....	12	12,000	1365 to 1421.....	26	26,000
o 643.....	9	9,000	1422 and 1425.....	2	2,000
o 654.....	10	10,000	1428 to 1454.....	22	22,000
o 721.....	65	65,000	1456 to 1496.....	33	33,000
o 730.....	28	28,000			
o 755.....	4	4,000			
nd 760.....	2	2,000			
			Total.....		1,121,000

) \$678,000, principal amount, of applicant's income or second-mortgage 40-year 4½ per cent gold bonds, due February 1, 1921, issued under an indenture of mortgage dated February 1, 1881, and supplemental indenture of mortgage dated March 9, 1886, executed by the applicant to the Central Trust Company, of New York, as trustee. Said bonds shall have been extended to February 1, 1926, with interest at the rate of 7 per cent per annum under the terms of an extension agreement bearing date of February 1, 1921, executed by the applicant to the Central Union Trust Company, of New York, as trustee, and the holders of said bonds outstanding under said indentures of mortgage. The bonds are in definitive form in 651. C. C.

the amount of \$1,000, are numbered, and are in principal amounts as hereinbelow set forth:

Bond Nos. (Inclusive).	Number of bonds.	Aggregate principal amounts.	Bond Nos. (Inclusive).	Number of bonds.	Aggregate principal amounts.
21 to 26.....	6	\$6,000	719.....	1	\$1,000
28.....	1	1,000	741 to 745.....	5	5,000
30.....	1	1,000	750 to 752.....	3	3,000
46 to 65.....	20	20,000	760 to 794.....	35	35,000
76 to 134.....	59	59,000	800 to 815.....	16	16,000
141 to 157.....	17	17,000	827 to 830.....	4	4,000
164 to 167.....	4	4,000	845 and 846.....	2	2,000
169.....	1	1,000	853 to 860.....	8	8,000
174 and 175.....	2	2,000	862 to 864.....	3	3,000
182.....	1	1,000	866 to 868.....	3	3,000
194.....	1	1,000	876 to 874.....	5	5,000
187 to 191.....	5	5,000	876 to 878.....	3	3,000
196.....	1	1,000	883 to 887.....	5	5,000
205.....	1	1,000	911 to 914.....	4	4,000
247 and 248.....	2	2,000	918 and 919.....	2	2,000
318 to 324.....	10	10,000	1001 to 1005.....	5	5,000
326 to 335.....	10	10,000	1008 to 1021.....	14	14,000
340 to 352.....	13	13,000	1022 to 1025.....	4	4,000
356.....	1	1,000	1028 to 1034.....	7	7,000
358.....	1	1,000	1036.....	1	1,000
362 and 363.....	2	2,000	1039 to 1041.....	3	3,000
367.....	1	1,000	1043.....	1	1,000
373 to 392.....	20	20,000	1045.....	1	1,000
394 to 400.....	7	7,000	1052 and 1053.....	2	2,000
416.....	1	1,000	1055.....	1	1,000
421 to 426.....	6	6,000	1057.....	1	1,000
432 to 442.....	11	11,000	1062.....	1	1,000
446.....	1	1,000	1064.....	1	1,000
468.....	1	1,000	1066 to 1080.....	15	15,000
470 to 480.....	11	11,000	1082.....	1	1,000
482 to 493.....	12	12,000	1088.....	1	1,000
495 to 500.....	6	6,000	1090 to 1092.....	3	3,000
502.....	1	1,000	1095 and 1099.....	2	2,000
518 to 517.....	3	3,000	1106.....	1	1,000
520 to 526.....	6	6,000	1111 and 1112.....	2	2,000
532.....	1	1,000	1124 to 1130.....	7	7,000
534 to 547.....	14	14,000	1132.....	1	1,000
558 to 572.....	15	15,000	1142.....	1	1,000
583 and 584.....	2	2,000	1157 to 1182.....	26	26,000
587 to 602.....	16	16,000	1260 to 1284.....	5	5,000
604.....	1	1,000	1287 and 1288.....	2	2,000
606.....	1	1,000	1296 to 1305.....	11	11,000
610.....	1	1,000	1314.....	1	1,000
612.....	1	1,000	1379 to 1381.....	3	3,000
614.....	1	1,000	1409.....	1	1,000
616 to 659.....	44	44,000	1402 to 1408.....	7	7,000
661 to 673.....	13	13,000	1424 and 1425.....	2	2,000
680 and 681.....	2	2,000	1431 to 1500.....	70	70,000
683.....	1	1,000			
686 to 689.....	4	4,000			
702 to 704.....	3	3,000			
707 to 717.....	11	11,000			
			Total.....		678,000

(c) The bonds to be extended and pledged as security for the loan shall have been extended before the applicant shall have become the holder thereof, and before they are pledged, and such extension shall be evidenced as to applicant's first-mortgage 40-year gold bonds, by agreement in temporary form, attached hereto and made a part hereof,¹ marked Exhibit A, attached to each bond, for which engraved permanent agreement in form attached hereto and made a part hereof,¹ marked Exhibit B, will be substituted, when prepared, and without expense to the holder; and such extension shall be evidenced as to the applicant's income or second-mortgage 40-year gold bonds, by agreement in temporary form, attached hereto and made

¹ On file with the Commission, but omitted from printed report.

a part hereof,¹ marked Exhibit C, attached to each bond, for which engraved permanent agreement in form attached hereto and made a part hereof,¹ marked Exhibit D, will be substituted, when prepared, and without expense to the holder. Bonds presented for pledge shall be accompanied by a statement of D. R. Burbank, 32 Nassau street, New York, N. Y., that the bonds so presented have been extended while held by him. The agreements in temporary form shall have attached thereto interest coupon due May 1, 1921, and the engraved agreement as to the first-mortgage 40-year gold bonds shall have attached thereto interest coupon due August 1, 1921, and all subsequent coupons; and as to the income or second-mortgage 40-year gold bonds, interest coupon due November 1, 1921, and all subsequent coupons. However, in event the substitution aforementioned shall be effected prior to May 1, 1921, such engraved agreements shall have attached thereto interest coupon due May 1, 1921, and all subsequent coupons.

(d) Pending the pledge of said bonds, each part of the loan shall be secured when and as made by the pledge of the cash constituting such part of the loan. Cash so held as security for any part of the loan shall be released to the applicant when and as and only to the extent that an equal aggregate face amount of bonds, of either or both series above mentioned, extended and accompanied by a statement as aforesaid, are pledged in place of such cash, but only after the cash held for every preceding part of the loan shall have been so released.

(e) The indorsements and guaranties required by subdivisions 1 to 5, inclusive, of subparagraph (a) of paragraph 5 hereof shall be substantially in the form hereinbelow set forth:

For value received, _____ Company, a corporation duly organized and existing under and by virtue of the laws of the State of _____ hereby indorses and unconditionally guarantees to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$_____ with interest, when and as the same shall become due and payable, whether at maturity, or by declaration, or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of this obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said note and/or interest thereon, unless and until said note and all interest thereon and expenses thereof are paid in full.

¹ On file with the Commission, but omitted from printed report.

IN WITNESS WHEREOF, _____ Company has caused this guaranty to be signed by its President or Vice President and its corporate seal to be hereunto affixed and duly attested by its Secretary or Assistant Secretary this _____ day of _____, 1921.

By _____ COMPANY,
President.

Attest:

Secretary.

(f) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(g) The applicant may repay all or any portion of the loan before maturity, provided every payment so made shall be applied first upon interest and then upon principal of the obligation for the sixth part of the loan until the same with all accrued interest thereon shall have been paid in full, and thereafter, first upon interest and then upon principal of the obligations, for the other five parts of the loan pro rata.

(h) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 29th day of January, 1921.

65 L. C. 4

FINANCE DOCKET No. 1129.

**IN THE MATTER OF THE APPLICATION OF THE PEORIA
& PEKIN UNION RAILWAY COMPANY FOR AUTHOR-
ITY TO EXTEND THE MATURITY OF MORTGAGE
BONDS AND TO INCREASE THE RATES OF INTEREST.**

Submitted January 6, 1921. Decided January 29, 1921.

Authority granted (1) to extend the time of maturity of \$1,459,000 of applicant's first-mortgage and \$1,499,000 of applicant's income or second-mortgage bonds for five years from February 1, 1921, to February 1, 1926, inclusive; (2) to increase the rate of interest on applicant's first-mortgage bonds from 6 per cent to 7 per cent and on its income or second-mortgage bonds from 4½ per cent to 7 per cent; and (3) to pledge the whole or any part of said bonds with the United States as security for the payment of any loan or loans that may be made to it under section 210, transportation act, 1920, as amended.

J. M. Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Peoria & Pekin Union Railway Company, a common carrier by railroad engaged in interstate commerce, seeks authority under section 20a of the interstate commerce act, to extend from February 1, 1921, to February 1, 1926, the maturity of its first-mortgage bonds, of which there are outstanding \$1,495,000, and the maturity of its income or second-mortgage bonds, of which there are outstanding \$1,499,000, and to increase the rate of interest from 6 per cent per annum to 7 per cent per annum on the first-mortgage bonds and from 4½ per cent per annum to 7 per cent per annum on the income or second-mortgage bonds.

Applicant shows that it is unable to pay these bonds at maturity, or otherwise retire them. It has, however, entered into a tentative agreement with the owners of a portion of them, in consideration of increasing the annual rate of interest to 7 per cent, to extend the maturity to February 1, 1926. A large number of the bonds have been deposited by the owners thereof, for indorsement of the extension of maturity, in accordance with this agreement, copy of which is filed in this proceeding.

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The holders of the bonds, to participate in the extension agreement, must have deposited their bonds with the trustee on or before December 20, 1920. New coupons are to be attached to the bonds. The trustee has delivered to the owners transferable receipts for the bonds so deposited. These receipts will be exchangeable for the deposited bonds with additional coupons attached, on or about February 1, 1921. The bonds of the holders who do not deposit them with the trustee will be purchased by a nominal vendee, before maturity, who will deposit them and participate in the extension agreement. Applicant proposes to borrow money from the United States under the provisions of section 210 of the transportation act, 1920, as amended, to reimburse the nominal vendee for money expended in acquiring such bonds, the bonds so acquired to be pledged, dollar for dollar, with the United States.

Applicant submits that on account of the present condition of the money market 7 per cent is a necessary and fair rate of interest on the bonds.

The application was made under oath, signed, and filed on behalf of the applicant by one of its executive officers duly designated for that purpose. Notice of the filing of the application has been given to, and a copy thereof filed with, the governor of the state of Illinois, the only state in which the applicant operates. No objection to the granting of the application has been offered by the Public Utilities Commission of that state.

We find that the proposed extension of maturity to February 1, 1926, and the increase of rates of interest on \$1,495,000 of applicant's first-mortgage bonds, and on \$1,499,000 of applicant's income or second-mortgage bonds, respectively to 7 per cent per annum, and the pledging of said bonds or any portion of them with the United States as security for a loan or loans: (a) are for a lawful object within its corporate purposes and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service; and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this application having been had, and said Division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

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It is ordered, That the Peoria & Pekin Union Railway Company be, and it is hereby, authorized to extend the time of maturity of \$1,495,000 of its first-mortgage bonds, and \$1,499,000 of its income or second-mortgage bonds to February 1, 1926.

It is further ordered, That the Peoria & Pekin Union Railway Company be, and it is hereby, authorized to increase the rate of interest on \$1,495,000 of its first-mortgage bonds from 6 per cent per annum to 7 per cent per annum, and to increase the rate of interest on \$1,499,000 of its income or second-mortgage bonds from 4½ per cent per annum to 7 per cent per annum.

It is further ordered, That the Peoria & Pekin Union Railway Company be, and it is hereby, authorized to pledge any of said bonds with the United States as security for a loan under section 210 of the transportation act, 1920, as amended.

It is further ordered, That said bonds shall not, except as authorized in this order, be sold, pledged, replugged, or otherwise disposed of unless and until otherwise ordered by the Commission.

It is further ordered, That applicant shall make report to this Commission of all pertinent facts relating to (1) extension of the maturity of said bonds, together with the serial numbers of all bonds, the payment of which has been extended; (2) the pledge of said bonds or any of them with the United States; (3) the amount and serial numbers of the bonds purchased by the nominal vendee and the price paid for each; such report to be in writing, verified by an executive officer of the applicant and to be filed with the Commission within 10 days after the same or any of them shall have been so extended, pledged, or purchased as herein authorized.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

651. C. C.

FINANCE DOCKET No. 967.

IN THE MATTER OF THE APPLICATION OF THE HOCKING VALLEY RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted January 27, 1921. Decided January 31, 1921.

Application granted in part and loan of \$1,665,000 approved.

C. E. Graham for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Hocking Valley Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 29, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, to aid the applicant in providing itself with additions and betterments to equipment and to way and structures. June 19 and September 10, 1920, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,809,776.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to provide itself with additions and betterments to equipment and to way and structures at an estimated total cost equal to the amount of the loan desired.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is applicant's general-mortgage 6 per cent bonds, due 1949, in the ratio of $1\frac{1}{2}$ to 1.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant expeditiously to handle the large and increasing volume of tonnage offered, particularly coal and manufactured products.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitali-

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zation, indebtedness, contract obligations, operation and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The Association of Railway Executives recommended a loan to the applicant of \$1,512,429, apportioned \$159,471 to additions and betterments to equipment and \$1,352,958 to other additions and betterments.

The following items of additions and betterments, in respect of which the loan is requested, are not regarded as tending to directly promote the movement of freight-train cars and are therefore eliminated:

Addition and betterments.	Location.	Cost.
<i>1920 budget items.</i>		
To way and structures:		
Couch tracks relocated.....	Nelsonville.....	\$21,580
Concrete floor in engine house.....	Walbridge.....	2,500
Blacksmith shop.....	do.....	2,800
Locker room, with lockers.....	Marion.....	350
Parsons avenue shop, transfer of storeroom.....	Columbus.....	750
Wiring depot.....	Orbiston.....	85
Do.....	Snow Fort Junction.....	35
Highway-crossing bell.....	Hawks.....	500
Installation of fire plug.....	Walbridge.....	200
Walk on trestle.....	Owens.....	80
Mound street shops, concrete base for floor.....	Columbus.....	4,300
Concrete platform, passenger station.....	South Columbus.....	1,200
Parsons avenue engine house, concrete floor.....	Columbus.....	4,725
Sanitary toilets.....	Nelsonville.....	2,400
Fitting up oil house for storeroom.....	do.....	1,200
Total.....		48,555
To equipment:		
Passenger-train cars.....		16,008
Total.....		64,563
<i>Carry-over items from federal control.</i>		
To ways and structures:		
Concrete culverts, channel improvements.....	Alvada and Columbus.....	\$2,508
Inclosure for unclaimed freight.....	Columbus.....	98
Purchase of additional right of way for track elevation.....	do.....	2,110
Total.....		54,771
To equipment:		
Changing classification of lamps from oil to electric on other than Mallet locomotives.....	Columbus.....	1,220
Changing classification of lamps from oil to electric on Mallet locomotives.....	do.....	288
Total.....		1,508
All eliminations, total.....		145,834

In the following table is a summary of the amounts proposed by applicant, the amounts eliminated, and the amounts to be loaned:

Character.	Proposed by applicant.	Eliminated.	Loan by United States.
Main tracks.....	\$767,510		\$767,510
Yard tracks and siding.....	478,894	321,999	428,214
Bridges.....	98,793	82,568	16,225
Structures.....	58,529	8,968	49,561
Shop machinery and tools.....	108,946		108,946
Miscellaneous.....	140,642	14,115	126,527
Equipment.....	159,471	17,508	141,963
Total.....	1,809,776	445,834	1,363,942

After investigation we find that the making in part of the proposed loan by the United States, for the purposes and in the amounts hereinabove set forth, in even thousands of dollars, namely, \$1,665,000, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 68 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan \$1,665,000 in four parts, as hereinafter set forth by the United States, to the Hocking Valley Railway Company, a carrier by railroad, subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,665,000.

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4. That the time from the making thereof within which each part of the loan is to be repaid is 10 years.

5. That the terms and conditions of the loan which is to be made in four parts, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$2,220,000, principal amount, of applicant's general-mortgage, 30-year, series A, 6 per cent gold bonds, due 1949, issued under an indenture of mortgage, dated January 1, 1919, executed by the applicant to the Equitable Trust Company of New York, as trustees. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations when prepared. Said temporary bonds are in principal amounts, and are numbered as hereinbelow set forth:

Bond No. 3-----	\$188,000
Bond No. 4-----	1,221,000
Bond No. 5-----	83,000
Bond No. 6-----	375,000
Bond No. 7-----	408,000
Total-----	2,220,000

(b) The loan shall be made in four parts in the order hereinbelow set forth: (1) The first part of the loan shall be in the amount of \$750,000; (2) the second part of the loan shall be in the amount of \$303,000; (3) the third part of the loan shall be in the amount of \$306,000; and (4) the fourth part of the loan shall be in the amount of \$306,000. When and as each of the four parts of the loan is made, there shall be pledged with the Secretary of the Treasury a principal amount of the bonds described and identified in subparagraph (a) of paragraph 5 hereof not less than 133 $\frac{1}{3}$ per cent of the amount of such part of the loan; provided, however, in event the aggregate principal amount of said bonds pledged as hereinabove required for the first three parts of the loan is in excess of 133 $\frac{1}{3}$ per cent of the aggregate amount of the first three parts of the loan, then the aggregate principal amount of said bonds to be pledged upon the making of the fourth part of the loan shall be equal to the difference between the aggregate principal amount of said bonds already pledged and \$2,220,000.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to

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the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any portion of the loan before maturity. The collateral security shall be released proportionately as portions of the loan are repaid.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 7th day of December, 1920, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such costs, discounts, attorneys' fees, and any and all other expenses in connection with said loan; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the Commission's accounting classification of steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the Commission on or about July 1, 1921, and January 1, 1922, a detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan shall have been expended or definitely obligated for purposes for which loaned, or shall be repaid to the United States on or before January 1, 1922. In event the Commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the Commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the

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opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States; and

7. That the applicant, in the opinion of the Commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 31st day of January, 1921.

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INDEX DIGEST.

[The numbers in parentheses following citations indicate where subjects are considered.]

ABANDONMENT.

In General:

As the law now stands, a railroad can not be abandoned without the approval of the Commission. *Kansas City, Mexico & Orient R. R. Loan*, 36 (40).

Where the state has already approved a proposed abandonment of line and no representations have been made to the Commission against the same by any interested person or locality, it is not deemed necessary to hold a formal hearing. *Certificate of Public Convenience and Necessity*, 386.

If railroad facilities serve no useful purpose, and there is no transportation need to be met, such facilities may be withdrawn without serious injury or inconvenience to the public. *Id.* (388).

Branch Lines:

Atchison, Topeka & Santa Fe Ry. Co., and *California, Arizona & Santa Fe Ry. Co.*, certificate of public convenience and necessity issued authorizing the abandonment of a branch line in Arizona. Such branch line serves no useful purpose and there is no transportation need to be met. *Certificate of Public Convenience and Necessity*, 386.

Gulf, Mobile & Northern R. R. Co., certificate of public convenience and necessity issued authorizing the abandonment of its Ellisville branch in Jones county, Miss. Such branch serves no important use, has been operated at a loss, and has no prospect of earning its operating cost. *Gulf, Mobile & Northern Certificate*, 426.

Northern Pacific Ry. Co., certificate of public convenience and necessity issued authorizing the abandonment of a portion of a branch line of railroad in Richmond county, N. Dak., there being no present or prospective need for continued operation. *Certificate for Northern Pacific Ry.*, 750.

Pere Marquette Ry. Co., certificate of public convenience and necessity issued authorizing the abandonment of a branch line of railroad in Kalkaska county, Mich. Traffic on the branch has diminished to the point where practically no business is available, and there is no prospect of industrial or agricultural development in the territory to create any need for the line in the future. *Pere Marquette Ry. Certificate*, 410.

Main Line:

Eastern Texas R. R. Co., certificate of public convenience and necessity authorizing the abandonment of its line of railway between Lufkin and Kennard, Texas, which has been operated at a loss, issued subject to the right of persons interested in the community served to purchase the property at a sum not in excess of the amount herein set forth. *Eastern Texas R. R. Certificate*, 486.

Potato Creek R. R. Co., certificate of public convenience and necessity authorizing the construction of an extension which will make possible more efficient and economical operation, and the abandonment

ABANDONMENT—Continued.**Main Line—Continued.**

of a portion of line which serves no useful purpose, in Potter and McKean counties, Pa., issued. Certificate to Potato Creek R. R., 636. United Rys. Co., certificate of public convenience and necessity issued authorizing the abandonment of operation of a line of railroad extending from Linnton, Multnomah county, to Wilkesboro, Washington county, Oreg. Such line is to be acquired and operated by the Portland, Astoria & Pacific R. R., and no shipper or user will be affected by the change of control. Certificate of United Rys. Co., 728.

Restoration of Abandoned Line: Wisconsin & Michigan R. R. Co., certificate of public convenience and necessity issued authorizing applicant to rebuild and operate a line of railroad in Dickinson county, Mich. Rehabilitation will make it possible once more to operate the entire line from Bagley Junction, Wis., to Iron Mountain, Mich., and the traffic expected to accrue to the applicant will not prove unduly detrimental to the interests of other carriers. Restoration Application of Wisconsin & Michigan R. R., 476.

ABNORMAL CONDITIONS.

Because of the abnormal conditions which prevailed during federal control, the results of that period can not be accepted as criteria in determining an application for a loan to meet maturing indebtedness. Loan to B. & M. R. R., 1 (4).

ACQUISITION OF CONTROL.

Central Wisconsin Ry. Co., certificate of public convenience and necessity issued authorizing the acquisition and operation of a line of railroad in Eau Claire and Clark counties, Wis. Such road has not paid operating expenses, but small communities would be without service if definitely abandoned and in view of the fact that such communities desire to preserve the service, and are prepared to finance and assume the burden, applicant should be given an opportunity to undertake the operation of the property. Certificate for Central Wisconsin Ry., 747.

Norfolk & Western Ry. Co., certificate of public convenience and necessity authorizing the acquisition and operation of certain feeder lines in Kentucky and West Virginia, issued. Operation of lines in question by applicant through its own organization is desirable from the standpoint of economy and efficiency, and in order to avoid duplication of accounting and annual reports. Certificate for Norfolk & Western Ry., 757.

Portland, Astoria & Pacific R. R. Co., certificate of public convenience and necessity issued authorizing the acquisition and operation of a line of railroad owned by the United Rys. Co., in Multnomah and Washington counties, Oreg. Such acquisition and operation will obviate the necessity of the acquiring carrier constructing a line of its own. Certificate to Portland, Astoria & Pacific R. R., 781.

ADDITIONS AND BETTERMENTS.**In General:**

Appropriation from revolving fund for loans to aid in providing additions and betterments, which will promote the movement of cars fixed at \$73,000,000. Principles to be Observed in Recommending Loans, 12 (13).

No loans for the purpose of providing, will be recommended without satisfactory assurance that the government funds will be met by such contributions from the carriers as it is within their power to furnish. Id. (14).

ADDITIONS AND BETTERMENTS—Continued.

In General—Continued.

Loans for purpose of providing, will not be recommended except upon satisfactory evidence that the additions and betterments will relieve congestion or otherwise enable existing equipment to do more work. Id. (14).

Ann Arbor R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Ann Arbor R. R., 693.

Baltimore & Ohio & Chicago R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Ohio R. R. Co.:

Application for loan to provide, to way and structures, granted in part. Loan to Baltimore & Ohio R. R., 284.

Authority granted to subsidiaries to issue and deliver their bonds to, in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Ohio R. R. Co. in Pennsylvania, authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Ohio Southwestern R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Philadelphia R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Bangor & Aroostook R. R. Co., application for loan to provide necessary additions and betterments to way and structures, granted. Bangor & Aroostook R. R. Loan, 44; 661; 784.

Boston & Maine R. R., application for loan to provide, to existing equipment and way and structures, granted in part. Boston & Maine R. R. Loan, 402.

Central New England Ry. Co., application for loan to provide, to way and structures, granted. Central New England Loan, 294.

Chicago Great Western R. R.:

Application for loan to provide necessary additions and betterments to existing freight equipment and way and structures, granted in part. Loan to Chicago Great Western R. R., 100; 157.

Upon supplemental report application for loan to provide, to existing equipment and way and structures, granted in part. Former reports 65 I. C. C., 100, 157, 241, and 428: Loan to Chicago Great Western R. R., 466; 529.

Chicago, Indianapolis & Louisville Ry. Co., loan to erect a modern steel-car repair shop, granted. Chicago, Indianapolis & Louisville Loan, 298.

Chicago, Rock Island & Pacific Ry. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Chicago, Rock Island & Pacific Loan, 371; 481.

Cincinnati Northern R. R. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 508.

ADDITIONS AND BETTERMENTS—Continued.

Cincinnati Northern R. R. Co.—Continued.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures and to equipment, granted. Note of Cincinnati Northern R. R., 568.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.

Authority to issue promissory notes, payable for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; to issue refunding and improvement mortgage bonds, and to pledge same as security; and to assume obligations and liabilities as indorser and guarantor in respect of a certain note, granted. Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549.

Delaware & Hudson Co., application for loan to provide for elimination of a tunnel and to build two new yards, granted in part. Loan to Delaware & Hudson Co., 96; 332; 350.

Electric Short Line Ry. Co., application for loan to aid in making additions and betterments to existing equipment and way and structures, denied. Applicant has been operated at a deficit and the prospective earning power and character and value of security offered do not afford reasonable protection or assurance of ability to repay. Electric Short Line Ry. Loan, 842.

Erie R. R. Co., application for loan to provide, to existing equipment and roadway and structures, granted in part. Erie R. R. Loan, 317.

Fairmont, Morgantown & Pittsburgh R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Fort Smith & Western R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Ft. Smith & Western Loan, 459.

Great Northern Ry. Co., application for loan to provide, to existing equipment and for other additions and betterments, granted in part. Loan to Great Northern Ry., 78; 139.

Gulf, Mobile & Northern R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Gulf, Mobile & Northern Loan, 858.

Hocking Valley Ry. Co., application for loan to aid in providing, to existing equipment and way and structures, granted in part. Loan to Hocking Valley Ry. Co., 812.

Huntingdon & Broad Top Mountain R. R. & Coal Co., application for loan to make, to way and structures, granted. Loan to Huntingdon & Broad Top Mountain R. R., 499.

Kanawha & Michigan Ry. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures and for rebuilding equipment, granted. Note of Kanawha & Michigan Ry. 562.

ADDITIONS AND BETTERMENTS—Continued.

Kansas City, Mexico & Orient R. R. Co., no necessity shown to exist for a loan to provide, and application therefor denied. **Kansas City, Mexico & Orient R. R. Loan,** 86 (42).

Lake Erie & Western R. R. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. **Loan to New York Central,** 508.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures and to existing equipment, granted. **Note of Lake Erie & Western R. R.,** 505.

Long Island R. R. Co., application for loan to provide, to way and structures, granted. **Loan to Long Island R. R. Co.,** 247; 467.

Maine Central R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. **Loan to Maine Central R. R.,** 208.

Michigan Central R. R. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. **Loan to New York Central,** 508.

Authority to issue promissory notes, for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; and to issue refunding and improvement mortgage bonds and pledge same as security for the last-named note, granted. **Bonds of Michigan Central R. R.,** 544.

Missouri Pacific R. R. Co., application for loan to provide, to way and structures, granted in part. **Missouri Pacific R. R. Loan,** 272.

New York Central R. R. Co.:

Application for loan to provide, to existing equipment and way and structures, granted. **Loan to New York Central,** 508.

Authority to issue refunding and improvement mortgage bonds, and to pledge them with the Director General of Railroads as security for a demand note for a like amount in payment of indebtedness to the United States for additions and betterments made during federal control, granted. **Bonds of New York Central R. R.,** 714.

New York, New Haven & Hartford R. R. Co., application for loan to provide, to way and structures, granted. **New York, New Haven & Hartford Loan,** 876.

Northern Pacific Ry. Co., application for loan to provide, to way and structures, granted. **Northern Pacific Ry. Loan,** 366.

Paris & Mount Pleasant R. R. Co., authority for issue of receiver's certificates to enable receiver to place the road in shape for safe and economical operation by making necessary repairs to roadway, station buildings, and equipment, granted. **Certificates of Paris & Mount Pleasant R. R.,** 158.

Pennsylvania R. R. Co., application for loan to provide, to way and structures, granted in part. **Pennsylvania R. R. Loan,** 322.

Pittsburgh & Western R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. **Bonds of Baltimore & Ohio R. R.,** 588; 720.

Pittsburgh Junction R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. **Bonds of Baltimore & Ohio R. R.,** 588; 720.

Rutland R. R. Co., application for loan to provide, to way and structures, granted in part. **Rutland R. R. Loan,** 351.

ADDITIONS AND BETTERMENTS—Continued.

Salt Lake & Utah R. R.:

Proposed expenditures for additional yard tracks and sidings or for shops when considered in connection with the general transportation needs of the country, are not of such nature as to justify a loan for those purposes. Salt Lake & Utah R. R. Loan, 8 (11).

Upon supplemental report, application for loan to provide, to way and structures, granted. Original report 65 I. C. C., 8. Salt Lake & Utah R. R. Loan, 55.

Schuylkill River East Side R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Seaboard Air Line Ry. Co., application for loan to provide, to way and structures, granted. Loan to Seaboard Air Line Ry., 163.

Shearwood Ry. Co., application for loan to provide, to road and equipment, granted. Shearwood Ry. Loan, 367.

Terminal R. R. Asso. of St. Louis, application for loan to provide, to way and structures, granted in part. Loan to Terminal R. R. Asso., 148.

Toledo & Ohio Central Ry. Co.:

Application for loan to provide, to way and structures, granted. Loan to New York Central, 508.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures, granted. Note of Toledo & Ohio Central Ry., 565.

Virginian Ry. Co., application for loan to provide, to way and structures, which will promote the movement of freight train cars, granted. Loan to Virginian Ry., 208.

Western Maryland Ry. Co., upon supplemental report, application for a loan to make, to way and structures, granted in part. Former report 65 I. C. C., 86. Loan to Western Maryland Ry., 664.

Wheeling & Lake Erie Ry. Co., application for loan to provide, to way and structures, granted in part. Loan to Wheeling & Lake Erie Ry., 217; 278.

Wheeling, Pittsburgh & Baltimore R. R. Co., authority to issue and deliver bonds to the Baltimore & Ohio R. R. Co., in payment for additions, improvements, and betterments, granted. Bonds of Baltimore & Ohio R. R., 588; 720.

Wilmington, Brunswick & Southern R. R. Co., application for loan to provide, to way and structures, granted. Loan to Wilmington, Brunswick & Southern R. R., 495.

Zanesville & Western Ry. Co.:

Application for loan to provide, to way and structures, granted. Loan to New York Central, 508.

Authority to issue promissory notes, the proceeds to be used for additions and betterments to way and structures, granted. Note of Zanesville & Western Ry., 559.

ADVANCES TO CARRIERS.

Norfolk Southern R. R. Co., amount necessary to make good the guaranty under section 209 of the transportation act, 1920, ascertained and final settlement made by deducting therefrom amount heretofore certified for payment as advances under that section. Settlement with Norfolk Southern R. R., 796.

AGREEMENTS. *See* **CONTRACTS**; **LEASE**.

BACK PAY. *See* **WAGES**.

BELT LINE. *See* **SHORT LINES**.

BETTERMENTS. *See* **ADDITIONS AND BETTERMENTS**.

BONDS.

In General: The delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of a first-lien and refunding mortgage, involves an issue of securities within the meaning of section 20a of the interstate commerce act. Bonds of Union Pacific R. R., 735 (736); Bonds of Oregon-Washington R. R. & Nav. Co., 739 (740).

Atchison, Topeka & Santa Fe Ry. Co.:

Authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with terms of a certain indenture granted. Stock Issue of Atchison, Topeka & Santa Fe Ry., 76.

Authority to issue first and refunding mortgage bonds, to cover an increase in the face amount of bonds issued under a certain agreement, granted. Bonds of Atchison, Topeka & Santa Fe Ry., 829.

Baltimore & Ohio & Chicago R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Ohio R. R. Co.:

Authority to nominally issue and hold in its treasury refunding and general mortgage bonds; to issue and pledge certain refunding gold bonds as additional collateral security to its refunding and general mortgage bonds; and to issue and pledge certain first mortgage gold bonds as additional collateral security for certain refunding gold bonds, granted. Bonds of Baltimore & Ohio R. R., 588.

Authority granted to subsidiaries to issue and deliver their bonds to, in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Authority to issue conditional sale purchase notes in conditional purchase of equipment under the terms of a contract entered into pursuant to a certain equipment trust, conditional sale basis; to assume liability as guarantor in respect of an obligation to the United States for a loan on account of said equipment; and to pledge refunding and general mortgage bonds as security in part for the performance obligations under said equipment trust, granted. Bonds of Baltimore & Ohio R. R., 590.

Authority to issue refunding and general mortgage bonds, and to exchange the same for an equivalent amount of refunding and general mortgage bonds; and to pledge refunding and general mortgage bonds with the Director General of Railroads as security to fund balance due to the United States growing out of the operation of its property during federal control, granted. Bonds of Baltimore & Ohio R. R., 704.

Authority to nominally issue and hold in its treasury refunding and general mortgage bonds, granted. Bonds of Baltimore & Ohio R. R., 720.

Baltimore & Ohio R. R. Co. in Pennsylvania, a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

BONDS—Continued.

Baltimore & Ohio Southwestern R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Philadelphia R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Boston & Maine R. R.:

Authority for the issue of bonds under a certain mortgage, for purpose of refunding certain bonds and notes granted. Bonds of Boston & Maine R. R., 213.

Authority to issue mortgage bonds, to be sold or exchanged at not less than par for the purpose of retiring certain maturing bonds, granted. Bonds of Boston & Maine R. R., 585.

Central of Georgia Ry. Co.:

Authority to guarantee payment of first-mortgage gold bonds, including interest thereon, of the Ocean S. S. Co. of Savannah, granted. Bonds of Central of Georgia Ry., 65.

Authority to procure authentication and delivery of refunding and general mortgage bonds, under and pursuant to a certain mortgage, and/or to pledge or repledge from time to time, part or all of said bonds, when and as necessary, as security in whole or in part for advances or loans or for notes, the issue of which is required to be reported to the Commission in certificates of notification, granted. Bonds of Central of Georgia Ry., 697.

Central Vermont Ry. Co.:

Authority for the issue of refunding-mortgage gold bonds for purpose of retiring a like amount of first-mortgage gold bonds in accordance with a certain trust indenture, granted. Bond issue of Central Vermont Ry., 126.

Authority to issue refunding mortgage gold bonds to pay and satisfy in full an equal amount of indebtedness to the Grand Trunk Ry. Co. of Canada, granted. Bonds of Central Vermont Ry., 473.

Chesapeake & Ohio Ry. Co.:

Authority to procure the authentication and delivery by the corporate trustee of first lien and improvement mortgage bonds and to pledge part of said bonds, together with others now held in applicant's treasury as part security for a loan from the United States, granted. Bonds of Chesapeake & Ohio Ry., 613.

Authority to issue from time to time common capital stock, and to exchange said stock for convertible secured gold bonds at certain specified rates, granted. Bonds of Chesapeake & Ohio Ry., 743.

Chicago & Western Indiana R. R. Co., authority to issue collateral-trust sinking-fund gold bonds under a certain collateral-trust agreement, and to pledge first and refunding mortgage gold bonds as security therefor; to issue collateral-trust gold notes under a certain collateral trust agreement and to pledge refunding mortgage gold bonds as security therefor; and to pledge first and refunding mortgage gold bonds with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Chicago & Western Indiana R. R., 280.

Chicago, Rock Island & Pacific Ry. Co., authority to issue and pledge general-mortgage gold bonds, and to issue first and refunding mortgage

BONDS—Continued.

- gold bonds, to be held in the treasury of applicant, granted. Bonds of Chicago, Rock Island & Pacific Ry., 288; 480.
- Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Bonds of Cincinnati, New Orleans & Texas Pacific Ry., 581.
- Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to issue promissory notes, payable for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; to issue refunding and improvement mortgage bonds, and to pledge same as security; and to assume obligations and liabilities as indorser and guarantor in respect of a certain note, granted. Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549.
- Delaware & Hudson Co., authority for the issue of first and refunding mortgage gold bonds in accordance with the terms of a certain mortgage; to pledge part of these bonds with the Secretary of the Treasury as security for a loan from the United States; and to hold the remainder in the treasury of the applicant available for disposal as may hereafter be authorized, granted. Delaware & Hudson Bonds, 347.
- Elgin, Joliet & Eastern Ry. Co., authority to issue equipment-trust bonds to be secured by a certain equipment-trust agreement, to be used in procurement of box cars and switching engines, granted. Elgin, Joliet & Eastern Bonds, 418.
- Erie R. R. Co., authority to enter into contracts with holders of certain bonds issued by predecessor companies, extending dates of maturities of said bonds, granted. Extension Contract of Erie R. R., 131.
- Fairmont, Morgantown & Pittsburgh R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Gulf, Mobile & Northern R. R. Co., authority to issue first-mortgage gold bonds under the terms of a certain proposed mortgage; to pledge and repledge part thereof as security for promissory notes to be given in renewal of certain outstanding bank loans; to pledge part thereof with the Secretary of the Treasury as security for a loan from the United States; to pledge part thereof as security for an indebtedness to the United States to be funded by the Director General; and to hold part thereof in the applicant's treasury, to be pledged from time to time to secure short-term notes, for the issue of which the authority of the Commission is not required, granted. Gulf, Mobile & Northern Bonds, 890.
- Indiana Harbor Belt R. R. Co., authority to issue general mortgage bonds and to pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Indiana Harbor Belt R. R. Co., 784.
- Lehigh & Hudson River Ry. Co., authority to issue and sell additional capital stock at not less than par, the proceeds to be used to retire bonds issued under a certain mortgage, and others under a certain trust agreement, granted. Retirement of Bonds by Lehigh & Hudson River Ry., 520.

BONDS—Continued.

Louisville & Jeffersonville Bridge & R. R. Co., authority to issue first-mortgage gold bonds and to pledge same with the Secretary of the Treasury as security for a loan, granted. Bonds of Louisville & Jeffersonville Bridge & R. R., 761.

Maine Central R. R. Co., authority to issue first and refunding mortgage gold bonds; to pledge part with the Secretary of the Treasury as security for loans from the United States; part as security for a loan for the financing of certain acquisitions of equipment, additions, and betterments; and part as security for a loan to redeem certain maturing bonds, granted. Maine Central R. R. Bonds, 304.

Michigan Central R. R. Co., authority to issue promissory notes, for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; and to issue refunding and improvement mortgage bonds and pledge same as security for the last named note, granted. Bonds of Michigan Central R. R., 544.

Moore Haven & Clewiston Ry. Co., authority to issue first-mortgage coupon gold bonds under and pursuant to a certain mortgage, the proceeds to be used for construction purposes on a proposed line, granted. Bonds of Moore Haven & Clewiston Ry., 647.

New Orleans, Texas & Mexico Ry. Co., authority to issue promissory notes; to execute an agreement for the purchase of locomotives from the War Department; to issue first mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan; and to issue noncumulative income bonds, and approval given for the delivery of voting-trust certificates representing equal amount of capital stock, to comply with the plan and agreement of reorganization under which applicant was organized, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 662.

New York Central R. R. Co.:

Authority to issue collateral trust bonds in accordance with a certain trust agreement, and to issue refunding and improvement mortgage bonds, in accordance with certain mortgages to be pledged as part of the security for said collateral-trust bonds, granted; provided, as conditions precedent, that the applicant's refunding and improvement mortgage bonds, now pledged as collateral security for collateral-trust notes be released from pledge and canceled prior to or at the time of the issue of said bonds. Bonds of New York Central R. R., 172.

Authority to issue refunding and improvement mortgage bonds; to assume obligations and liabilities in respect of payment of principal and dividends of equipment trust gold certificates; to assume obligations and liabilities as indorser and guarantor in respect of payment of principal and interest of promissory notes to be issued by subsidiary companies; and to pledge said bonds and notes with the Secretary of the Treasury as security in part for a loan, granted. Bonds of New York Central, 534.

Authority to issue refunding and improvement mortgage bonds, and to pledge them with the Director General of Railroads as security for a demand note for a like amount in payment of indebtedness to the United States for additions and betterments made during federal control, granted. Bonds of New York Central R. R., 714.

BONDS—Continued.

New York, New Haven & Hartford R. R. Co., authority to issue first and refunding mortgage gold bonds and to pledge all or part of same as security for note or notes to be issued by applicant; and to issue first and refunding mortgage gold bonds and pledge all or part of same as security for a loan or loans from the United States, granted. New York, New Haven & Hartford Bonds, 896.

Norfolk & Western Ry. Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with terms of certain indentures, granted. Norfolk & Western's Issuance of Stock, 68.

Oregon-Washington R. R. & Navigation Co., authority to issue first and refunding mortgage bonds payable in dollars, in exchange for similar bonds which may be surrendered by the holders thereof, as provided in a certain first and refunding mortgage of the applicant, granted. Bonds of Oregon-Washington R. R. & Nav. Co., 789.

Peoria & Pekin Union Ry. Co., authority to extend the time of maturity of first mortgage and income or second mortgage bonds; to increase the rates of interest thereon; and to pledge the whole or any part of said bonds with the United States as security for the payment of any loan or loans that may be made to it, granted. Bonds of Peoria & Pekin Union Ry., 809.

Pittsburgh & Western R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Pittsburgh Junction R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Schuylkill River East Side R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds for Baltimore & Ohio R. R., 588; 720.

Seaboard Air Line Ry. Co., authority granted to issue extended secured gold notes under a proposed collateral trust agreement, secured by a pledge of first and consolidated mortgage gold bonds; to issue first and consolidated mortgage gold bonds and pledge them as part security for either the gold notes or for a loan from the United States; to pledge with the Secretary of the Treasury, as security for a loan, first and consolidated mortgage gold bonds, preferred and common capital stock of the applicant and capital stock of the Fruit Growers' Express Co.; and to pledge said first and consolidated mortgage gold bonds with certain banks as security for three renewal notes. Bonds of Seaboard Air Line Ry., 182.

Southern Pacific Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with the terms of a certain trust indenture, granted. Southern Pacific's Issuance of Stock, 18.

Southern Ry. Co., authority to issue development and general mortgage bonds, and to pledge the same with the Secretary of the Treasury as security in part for a loan from the United States, granted. Bonds of Southern Ry. Co., 616.

BONDS—Continued.

Union Pacific R. R. Co., authority to issue first-lien and refunding mortgage bonds payable in dollars, in exchange of similar bonds which may be surrendered by the holders hereof, as provided in a certain first-lien and refunding mortgage of the applicant, granted. Bonds of Union Pacific R. R., 785.

Virginia Southern R. R. Co., authority to issue promissory notes payable to the order of the First National Bank of Richmond, Va., and to issue first mortgage gold bonds, and to pledge a part of same as security for a loan from the United States, and the remainder as security for a note to said First National Bank, granted. Notes and Bonds of Virginia Southern R. R., 769.

Washington County R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588.

Western Maryland Ry. Co.:

Authority to issue secured gold notes and first and refunding mortgage bonds as collateral security for secured gold notes and convertible therefor, granted. Note and Bond Issue of Western Maryland Ry., 88.

Authority to issue first and refunding mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge same with the Secretary of the Treasury as security for loans, granted. Bonds of Western Maryland Ry., 688.

Wheeling, Pittsburgh & Baltimore R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Wisconsin & Northern R. R. Co., authority to issue first-mortgage gold bonds in accordance with the terms of a certain mortgage and to sell said bonds, the proceeds to be used for purpose of paying for rail and track fastenings, ties, and other proper capital charges, granted. Bonds of Wisconsin & Northern R. R., 691.

BRANCH LINES.**Abandonment:**

Atchison, Topeka & Santa Fe Ry. Co., and California, Arizona & Santa Fe Ry. Co., certificate of public convenience and necessity issued authorizing the abandonment of a branch line in Arizona. Such branch line serves no useful purpose and there is no transportation need to be met. Certificate of Public Convenience and Necessity, 386.

Gulf, Mobile & Northern R. R. Co., certificate of public convenience and necessity issued authorizing the abandonment of its Ellisville branch in Jones county, Miss., as such branch serves no important use, has been operated at a loss, and has no prospect of earning its operating cost. Gulf, Mobile & Northern Certificate, 428.

Northern Pacific Ry. Co., certificate of public convenience and necessity issued authorizing the abandonment of a portion of a branch line of railroad in Richland county, N. Dak., there being no present or prospective need for continued operation. Certificate for Northern Pacific Ry., 750.

Pere Marquette Ry. Co., certificate of public convenience and necessity issued authorizing the abandonment of a branch line of railroad

BRANCH LINES—Continued.

in Kalkaska county, Mich., as the traffic on the branch has diminished to the point where practically no business is available, and there is no prospect of industrial or agricultural development in the territory to create any need for the line in the future. *Pere Marquette Ry. Certificate*, 410.

Construction: Tennessee R. R. Co., certificate of public convenience and necessity to construct a branch line of railroad in Campbell and Anderson counties, Tenn., for the handling of timber and coal, issued. *Certificate to Tennessee R. R.*, 654.

CALAMITOUS VISITATION.

Aransas Harbor Terminal Ry., application for a loan from the United States to enable it to reconstruct a portion of its road, which was so badly damaged by a hurricane as to make it necessary to reconstruct its main line, granted in part. *Aransas Harbor Terminal Ry. Loan*, 20.

CAPITAL STOCK. See Stocks.**CAR FLOATS.**

Western Maryland Ry. Co., authority to issue marine equipment gold notes under a certain proposed agreement of conditional sale, and to sell the same at not less than par and accrued interest, for purpose of obtaining funds to cover the construction and delivery of a steel car float, granted. *Notes of Western Maryland Ry.*, 717.

CAR REPAIR SHOPS. See Shops.**CAR SHORTAGE. See EQUIPMENT; SHORTAGE OF EQUIPMENT.****CERTIFICATES. See CONVENIENCE AND NECESSITY; RECEIVER'S CERTIFICATES.****CLEARING TITLE.**

By the discharge of receiver's certificates and the payment of fixed charges of the carriers here under consideration would be of great benefit to the security holders, but it is not apparent that the failure to do these things should or would prevent the proper service to the public which the roads are now capable of giving. *Kansas City, Mexico & Orient R. R. Loan*, 36 (42).

COLLATERAL SECURITY. See SECURITY.**COMMON CARRIER.**

Gulf Ports Terminal Ry. Co., found not to be a common carrier subject to the interstate commerce act and therefore not entitled to a loan under the provisions of the transportation act, 1920. *Gulf Ports Terminal Ry. Loan*, 421 (423).

Pensacola, Mobile & New Orleans Ry. Co., found to be a common carrier subject to the interstate commerce act. *C. N. O. & T. P. Ry. v. I. C. C.*, 102 U S., 184., and other cases cited. *Gulf Ports Terminal Ry. Loan*, 421 (423).

COMMON STOCK. See Stocks.**CONDITIONAL SALE.**

While the law does not prohibit a conditional sale, subject to the Commission's authorization, in advance of approval of an issue of securities, carriers should realize that the Commission shall not be controlled in its action by representations that failure to accord approval of issues conditionally sold will result in disturbance or disarrangement of plans based upon anticipated approval. *Bonds of New York Central R. R.*, 172 (178).

CONFLICT OF JURISDICTION. See JURISDICTION.

CONSOLIDATION. *See also* **ACQUISITION OF CONTROL.**• **In General:**

In section 5 of the interstate commerce act Congress provided a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation, or by entering into any agreement for the pooling of freight or earnings with a competing railroad. *Lease of Valley Terminal Ry.*, 105.

Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon the Commission the duty of determining whether or not the conditions of section 5 of the act have been or will be fulfilled and the proposed arrangement is in the public interest. *Id.* (109).

Pittsburgh & West Virginia Ry. Co., acquisition of control of the West Side Belt R. R. Co. by purchase of its capital stock, approved and authorized. *Pittsburgh & W. Va. Ry. Control of W. S. B. R. R.*, 124.

CONSTRUCTION OF NEW LINE. *See* **NEW LINES.****CONSTRUCTION OF STATUTE.**

In section 5 of the interstate commerce act Congress provided a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation or by entering into any agreement for the pooling of freight or earnings with a competing railroad. *Lease of Valley Terminal Ry.*, 105.

Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon the Commission the duty of determining whether or not the conditions of section 5 of the act have been or will be fulfilled and the proposed arrangement is in the public interest. *Id.* (109).

In order to give force and effect to the statute, the inability to obtain funds from other sources, contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, construed as an inability to secure funds upon terms which the carrier with due regard for the public interest would be justified in accepting, and an excessive rate of interest or other unduly burdensome or injurious conditions which the exercise of sound business discretion will not permit constitute inability within the meaning of the statute to obtain funds from other sources. *Applications for Loans*, 407.

It was undoubtedly the legislative intent that the railroads should be enabled, through loans made under section 210 of the transportation act, 1920, expeditiously to move the commerce of the country, to meet maturing capital obligations and otherwise properly to serve the public during the transition period of two years immediately following the termination of federal control. *Id.* (408).

Under a literal interpretation of the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, the majority of railroads would be unable to qualify for loans. The remainder of the roads, while able

CONSTRUCTION OF STATUTE—Continued.

to make the showing that they are unable to obtain funds from other sources, generally can not make the further showing required by the statute governing prospective earning power and security to be offered. Under these conditions it would be practically impossible to make any loans, and the section would be reduced to a nullity. *Id.* (408).

Inability to obtain funds from other sources contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, is not an absolute inability, but a practical inability or inability within the exercise of sound business discretion in the public interest to be determined by the consideration of the facts of each particular case. *Id.* (409).

It was apparently recognized by the Congress that short line railroads, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such short lines as had suffered deficits in railway operating income while under private operation during federal control. *St. Joseph Belt Ry. Certificate, 443 (447).*

CONTRACTS. See also LEASE.

In General: In section 5 of the interstate commerce act Congress provided a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation, or by entering into any agreement for the pooling of freight or earnings with a competing railroad. *Lease of Valley Terminal Ry., 105.*

Atlantic Coast Line R. R. Co., authority to enter into an agreement, under which specified equipment will be held in trust for the benefit of the holders of trust certificates to be issued thereunder; to enter into a lease covering the equipment; and by said agreement and lease to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment (title to which will ultimately be acquired by the applicant) sums sufficient to pay the principal of the certificates, dividends thereon and certain other charges, granted. *Agreement of Atlantic Coast Line R. R., 571.*

Bangor & Aroostook R. R. Co., authority to execute and deliver a certain agreement, and agreement of lease, and to obligate itself to pay prior-lien and deferred-lien equipment-trust certificates and attached dividend warrants, toward the procurement of certain equipment; for the sale of said prior-lien certificates and the application of the proceeds toward the purchase of certain equipment; and to pledge said deferred-lien certificates, together with certain bonds, with the Secretary of the Treasury for a loan, granted. *Equipment Trust of Bangor & Aroostook R. R., 628.*

Central of Georgia Ry. Co., authority to enter into proposed equipment-trust agreement, under which certain equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into a separate agreement of lease covering said equipment; and to assume obligation or liability as guarantor by indorsement for the payment of the principal and dividends of said trust certificates, granted. *Equipment-Trust Agreement of Central of Georgia Ry., 773.*

CONTRACTS—Continued.

Chesapeake & Ohio Ry. Co., authority to enter into a proposed equipment-trust agreement, under which said equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into separate agreement of lease covering said equipment; and to assume obligation or liability, as guarantor by indorsement, for the payment of the principal and dividends of said trust certificates, granted. Agreement of Chesapeake & Ohio Ry., 469.

Erie R. R. Co., authority to enter into contracts with holders of certain bonds issued by predecessor companies, extending dates of maturities of said bonds, granted. Extension Contract of Erie R. R., 131.

Long Island R. R. Co., authority to execute and deliver an agreement with certain vendors and trustees, and a certain agreement of lease and agreement of assignment of lease by which applicant obligates itself to pay equipment-trust certificates and attached dividend warrants to be issued thereunder by said trustees, and to make and deliver to said trustees unsecured notes, to be applied to procurement of equipment set forth in said lease, granted. Equipment Trust of Long Island R. R. Co., 144.

New Orleans, Texas & Mexico Ry. Co., authority to issue promissory notes; to execute an agreement for the purchase of locomotives from the War Department; to issue first mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan; and to issue non-cumulative income bonds, and approval given for the delivery of voting-trust certificates representing equal amount of capital stock, to comply with the plan and agreement of reorganization under which applicant was organized, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 682.

Pittsburgh & Lake Erie R. R. Co., authority to execute an agreement with certain vendors and trustee, and a certain agreement of lease with such trustee, by which applicant obligates itself to pay equipment-trust gold-certificates and attached dividend warrants to be issued thereunder by said trustee, granted. Equipment Trust of Pittsburgh & Lake Erie R. R., 159.

Trans-Mississippi Terminal R. R. Co., Texas & Pacific Ry. Co. and receivers, and Missouri Pacific R. R. Co., authority to enter into a contract extending the maturity date of gold notes, heretofore extended by a predecessor of the Trans-Mississippi Terminal R. R. Co., and the assumption of obligation or liability in respect to said notes as guarantors by indorsement of the same by the Texas & Pacific Ry. Co. and receivers, and the Missouri Pacific R. R. Co., granted. Trans-Mississippi Terminal Notes, 450.

Union Terminal Co., authority for execution of contracts extending maturity dates of certain 5 per cent unsecured notes, with interest at the rate of 6 per cent per annum, granted. Union Terminal Unsecured Notes, 286.

CONTROL OF ONE CARRIER BY ANOTHER. See ACQUISITION OF CONTROL; CONSOLIDATION.

CONVENIENCE AND NECESSITY.

Abandonment:

Atchison, Topeka & Santa Fe Ry. Co., and California, Arizona & Santa Fe Ry. Co., certificate issued authorizing the abandonment of a branch line in Arizona. Such branch line serves no useful purpose and there is no transportation need to be met. Certificate of Public Convenience and Necessity, 386.

CONVENIENCE AND NECESSITY—Continued.

Abandonment—Continued.

- Eastern Texas R. R. Co., certificate issued authorizing the abandonment of its line of railway between Lufkin and Kennard, Texas, which has been operated at a loss, subject to the right of persons interested in the community served to purchase the property at a sum not in excess of the amount herein set forth. Eastern Texas R. R. Certificate, 436.
- Gulf, Mobile & Northern R. R. Co., certificate issued authorizing the abandonment of its Ellisville branch in Jones county, Miss., as such branch serves no important use, has been operated at a loss, and has no prospect of earning its operating cost. Gulf, Mobile & Northern Certificate, 426.
- Northern Pacific Ry. Co., certificate issued authorizing the abandonment of a portion of a branch line of railroad in Richland county, N. Dak., there being no present or prospective need for continued operation. Certificate for Northern Pacific Ry., 750.
- Pere Marquette Ry. Co., certificate issued authorizing the abandonment of a branch line of railroad in Kalkaska county, Mich., as the traffic on the branch has diminished to the point where practically no business is available, and there is no prospect of industrial or agricultural development in the territory to create any need for the line in the future. Pere Marquette Ry. Certificate, 410.
- Potato Creek R. R. Co., certificate authorizing the abandonment of a portion of line in Potter and McKean counties, Pa., which serves no useful purpose, issued. Certificate to Potato Creek R. R., 636.
- United Rys. Co., certificate issued authorizing the abandonment of operation of a line of railroad extending from Linnton, Multnomah county, to Wilkesboro, Washington county, Oregon. Such line is to be acquired and operated by the Portland, Astoria & Pacific R. R., and no shipper or user of the line will be affected by the change of control. Certificate to United Rys. Co., 728.

Acquisition of Control:

- Central Wisconsin Ry. Co., certificate issued authorizing the acquisition and operation of a line of railroad in Eau Claire and Clark counties, Wis. Such road has not paid operating expenses, but small communities would be without service if definitely abandoned and in view of the fact that such communities desire to preserve the service, and are prepared to finance and assume the burden, applicant should be given an opportunity to undertake the operation of the property. Certificate for Central Wisconsin Ry., 747.
- Norfolk & Western Ry. Co., certificate issued authorizing the acquisition and operation of certain feeder lines in Kentucky and West Virginia. Operation of lines in question by applicant through its own organization is desirable from the standpoint of economy and efficiency, and in order to avoid duplication of accounting and annual reports. Certificate for Norfolk & Western Ry., 757.
- Portland, Astoria & Pacific R. R. Co., certificate issued authorizing the acquisition and operation of a line of railroad owned by the United Rys. Co. in Multnomah and Washington counties. Such acquisition and operation will obviate the necessity of the acquiring carrier constructing a line of its own. Certificate to Portland, Astoria & Pacific R. R., 731.

CONVENIENCE AND NECESSITY—Continued.

Construction of New Line:

Coon Bayou & Arkansas City Ry. Co., certificate for the construction of a new line of railroad in Desha county, Ark., denied as such line is not for the benefit of the public, but for a plant facility alone. Certificate of Coon Bayou & Arkansas City Ry., 701.

Michigan Northern R. R. Co., certificate for the construction of a new line of railroad in Michigan, denied. Present record raises serious doubts regarding the probable success of the project; and that degree of assurance of a reasonably successful enterprise not brought with such completeness that conclusion may be predicated thereon with that degree of certainty which every well-planned enterprise contemplates. Construction Application of Michigan Northern, 480.

Extension of Line:

Potato Creek R. R. Co., certificate authorizing the construction of an extension in Potter and McKean counties, Pa., which will make possible more efficient and economical operation, issued. Certificate to Potato Creek R. R. Co., 636.

Tennessee R. R. Co., certificate to construct a branch line of railroad in Campbell and Anderson counties, Tenn., for the handling of timber and coal, issued. Certificate to Tennessee R. R., 654.

Union Pacific R. R. Co., certificate issued authorizing extension of its line in Scotts Bluff county, Nebr., and Goshen county, Wyo., and due to the uncertainty of adequate return during the first few years of operation, such carrier permitted to retain all of its earnings derived from such extension for a period not to exceed 10 years. Union Pacific R. R. Certificate, 382.

Restoration of Abandoned Line: Wisconsin & Michigan R. R. Co., certificate issued authorizing applicant to rebuild and operate a line of railroad in Dickinson county, Mich. Rehabilitation will make it possible once more to operate the entire line from Bagley Junction, Wis., to Iron Mountain, Mich., and the traffic expected to accrue to the applicant will not prove unduly detrimental to the interests of other carriers. Restoration Application of Wisconsin & Michigan R. R., 476.

CURRENT EXPENSES.

Indiana Harbor Belt R. R. Co., authority granted to issue demand promissory notes to supply funds for current expenses, which notes are required to be paid out of earnings within two years from date of order, or out of proceeds of settlement under the guaranty provisions of section 209 of the transportation act, 1920, if the same shall be made within that time. Indiana Harbor Belt R. R. Notes, 362.

CONVERTIBLE STOCK. *See* STOCKS.DATE OF MATURITY. *See* MATURITIES.

DEBENTURES.

Carolina, Clinchfield & Ohio Ry., authority to issue cumulative income debentures, under a certain agreement, the proceeds to be applied to the payment, discharge, and cancellation of short-term notes and acceptances maturing on demand and to the payment and discharge of such other current indebtedness as may be met by the balance, granted. Debentures of Carolina, Clinchfield & Ohio Ry., 603.

DEFICIT.

Atlanta & St. Andrews Bay Ry. Co., amount payable to, under the provisions of paragraphs (f) and (g) of section 204 of the transportation

DEFICIT—Continued.

act, 1920, in reimbursement of deficit during federal control ascertained, from which no amount is deductible on account of traffic balances and other indebtedness due the President (as operator of the transportation systems under federal control). Final Settlement with Atlanta & St. Andrews Bay Ry. Co., 826.

Eastern Texas R. R. Co., certificate of public convenience and necessity authorizing the abandonment of its line of railway between Lufkin and Kennard, Tex., which has been operated at a loss, issued subject to the right of persons interested in the community served to purchase the property at a sum not in excess of the amount herein set forth. Eastern Texas R. R. Certificate, 436.

Electric Short Line Ry. Co., application for loan to aid applicant in providing additional equipment and in making additions and betterments to existing equipment and way and structures, denied. Applicant has been operating at a deficit and the prospective earning power and character and value of security offered do not afford reasonable protection or assurance of ability to repay. Electric Short Line Ry. Loan, 342.

Fourche River Valley & Indian Territory Ry. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Fourche River Valley & Indian Territory Ry., 708.

Gulf, Mobile & Northern R. R. Co., certificate of public convenience and necessity issued authorizing the abandonment of its Ellisville branch in Jones county, Miss., as such branch serves no important use, has been operated at a loss, and has no prospect of earning its operating cost. Gulf, Mobile & Northern Certificate, 426.

Little Cottonwood Transportation Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

Monson R. R. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Monson R. R., 781.

DEMAND NOTES. *See* NOTES.

DIRECTOR GENERAL. *See* FEDERAL CONTROL.

DUTY OF COMMISSION.

Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon the Commission the duty of determining whether or not the conditions of section 5 of the act have been or will be fulfilled and the proposed arrangement is in the public interest. Lease of Valley Terminal Ry., 105 (106).

EARNINGS. *See also* DEFICIT.

In General:

In determining the value of security offered for a loan from the United States, the prospective earning power of the applicant is the controlling factor. Maxton, Alma & Southbound R. R. Loan, 302 (303); Electric Short Line Ry. Loan, 342 (343).

EARNINGS—Continued.**In General—Continued.**

The construction of a proposed line could not be justified, either as an independent short line or purely as a branch line, solely on a record showing estimated earnings of 1.3 per cent for the first five years and 3.5 per cent thereafter on an unusually high estimated cost of nearly \$4,000,000 for a proposed 43.5-mile construction, the apparent convenience and benefit to the surrounding territory notwithstanding. Union Pacific R. R. Certificate, 382 (383).

Indiana Harbor Belt R. R. Co., authority granted to issue demand promissory notes to supply funds for current expenses, which notes are required to be paid out of earnings within two years from date of order, or out of proceeds of settlement under the guaranty provisions of section 209 of the transportation act, 1920, if the same shall be made within that time. Indiana Harbor Belt R. R. Notes, 362.

Maxton, Alma & Southbound R. R. Co., application for loan to enable applicant to exercise an option for purchase of leased rail, and to meet maturing indebtedness, denied as public necessity for applicant's line is relatively small and prospective earning power and character and value of security offered not such as to afford reasonable protection or assurance of ability to repay. Maxton, Alma & Southbound Loan, 302.

Pensacola, Mobile & New Orleans Ry. Co., application for loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Gulf Ports Terminal Ry. Loan, 421.

Union Pacific R. R. Co., certificate of convenience and necessity issued authorizing extension of its line in Scotts Bluff county, Nebr., and Goshen county, Wyo., and due to the uncertainty of adequate return during the first few years of operation, such carrier permitted to retain all of its earnings derived from such extension for a period not to exceed 10 years. Union Pacific R. R. Certificate, 382.

ENGINES. See EQUIPMENT; LOCOMOTIVES.

EQUIPMENT.**In General:**

Sum of \$125,000,000 fixed as portion of revolving fund to be used in the acquisition of freight cars and locomotives. Principles to be Observed in Recommending Loans, 12.

A loan can not be recommended where a company now owns more equipment than is required by the transportation needs which it now serves, and more than will be required by any increased traffic reasonably to be expected during the transition period following the termination of federal control. Kansas City, Mexico & Orient R. R. Loan, 36 (42).

The bare statement of fact that an operating carrier has insufficient equipment to handle the traffic can not be taken as establishing that the services of another carrier are necessary. Certificate of Coon Bayou & Arkansas City Ry., 701.

Ann Arbor R. R. Co., loan to assist in acquiring switching locomotives, granted. Loan to Ann Arbor R. R., 90.

Atchison, Topeka & Santa Fe Ry Co., application for loan to provide for the purchase of locomotives and freight equipment, granted in part. Atchison, Topeka & Santa Fe Ry. Loan, 59.

EQUIPMENT—Continued.**Baltimore & Ohio R. R. Co.:**

Application for loan to aid in the purchase of locomotives and freight equipment, granted in part. Loan to Baltimore & Ohio R. R., 575.

Authority to issue conditional sale purchase notes in conditional purchase of equipment under the terms of a contract entered into, pursuant to a certain equipment trust, conditional sale basis; to assume liability as guarantor in respect of an obligation to the United States for a loan on account of said equipment; and to pledge refunding and general mortgage bonds as security in part for the performance of obligations under said equipment trust, granted. Bonds of Baltimore & Ohio R. R., 599.

Bangor & Aroostook R. R. Co., application for loan to purchase, granted.

Bangor & Aroostook R. R. Loan, 44; 661; 734.

Boston & Maine R. R., application for loan to provide for the purchase of locomotives and make additions and betterments to existing equipment, granted in part. Boston & Maine R. R. Loan, 402.

Central of Georgia Ry. Co., application for loan to provide for the purchase of locomotives and freight equipment, granted. Loan to Central of Georgia Ry., 72; 619; 783.

Chesapeake & Ohio Ry. Co., application for loan to provide for the purchase of locomotives and freight equipment, granted in part. Chesapeake & Ohio Ry. Loan, 261.

Chicago, Burlington & Quincy R. R. Co., application for loan to provide for the purchase of locomotives and freight equipment, granted. Chicago, Burlington & Quincy R. R. Loan, 48.

Chicago Great Western R. R. Co.:

Loan to assist in acquiring freight locomotives and in making additions and betterments to existing freight equipment, granted in part. Loan to Chicago Great Western R. R., 100; 157.

Upon supplemental report, application for loan to provide additions and betterments to existing equipment, granted in part. Former reports 65 L. C. C., 100, 157, 241, and 433. Loan to Chicago Great Western R. R., 486; 529.

Chicago, Rock Island & Pacific Ry. Co., application for loan to provide additions and betterments to existing equipment, granted in part. Chicago, Rock Island & Pacific Loan, 371; 431.

Cincinnati Northern R. R. Co.:

Application for loan to provide additions and betterments to existing equipment, granted. Loan to New York Central, 503.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to existing equipment, granted. Note of Cincinnati Northern R. R., 568.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., application for loan to aid in providing new equipment and making additions and betterments to existing equipment, granted. Loan to New York Central, 503.

Electric Short Line Ry. Co., application for loan to aid applicant in providing additional equipment and in making additions and betterments to existing equipment, denied. Applicant has been operating at a deficit and the prospective earning power and character and value of security offered do not afford reasonable protection or assurance of ability to repay. Electric Short Line Ry. Loan, 342.

EQUIPMENT—Continued.

Elgin, Joliet & Eastern Ry. Co., authority to issue equipment-trust bonds to be secured by a certain equipment-trust agreement, to be used in procurement of box cars and switching engines, granted. Elgin, Joliet & Eastern Bonds, 418.

Erie R. R. Co., application for loan to provide additions and betterments to existing equipment, granted in part. Erie R. R. Loan, 817.

Federal Valley R. R. Co., authority to issue promissory notes in payment of the purchase price of one locomotive and one caboose, granted. Notes of Federal Valley R. R. 628.

Fort Smith & Western R. R. Co., application for loan to provide additions and betterments to existing equipment, granted. Ft. Smith & Western Loan, 459.

Great Northern Ry. Co., application for loan to provide for the purchase of locomotives and freight equipment, granted in part. Loan to Great Northern Ry., 78; 189.

Gulf, Mobile & Northern R. R. Co., application for loan to assist in the purchase of new locomotives and provide additions and betterments to existing equipment, granted in part. Gulf, Mobile & Northern Loan, 358.

Hocking Valley Ry. Co., application for loan to provide additions and betterments to existing equipment, granted in part. Loan to Hocking Valley Ry. Co., 812.

Illinois Central R. R. Co., application for loan to provide for purchase of locomotives and freight equipment, granted. Illinois Central R. R. Loan, 51; 200.

Kanawha & Michigan Ry. Co.:

Application for loan to provide additions and betterments to existing equipment, granted. Loan to New York Central, 503.

Authority to issue a promissory note, the proceeds to be used for rebuilding existing equipment, granted. Note of Kanawha & Michigan Ry., 562.

Kansas, Oklahoma & Gulf Ry. Co., authority to issue cumulative income bonds, to be issued under and secured by a certain mortgage and deed of trust; to issue preferred capital stock; to issue common capital stock; and to issue equipment-trust notes in procurement of equipment, granted. Notes of Kansas, Oklahoma & Gulf Ry., 672.

Lake Erie & Western R. R. Co.:

Application for loan to provide additions and betterments to existing equipment, granted. Loan to New York Central, 503.

Authority to issue a promissory note, the proceeds to be used for additions and betterments to existing equipment, granted. Note of Lake Erie & Western R. R., 565.

Maine Central R. R. Co., loan to assist in making additions and betterments to existing equipment and to purchase new equipment, granted in part. Loan to Maine Central R. R., 203.

Michigan Central R. R. Co., application for loan to aid in providing new equipment and making additions and betterments to existing equipment, granted. Loan to New York Central, 503.

Minneapolis & St. Louis R. R. Co., authority to issue promissory notes and payable to the Union Refrigerator Transit Co., in part payment for refrigerator cars to be purchased from said company, granted. Note of Minneapolis & St. Louis R. R., 522.

EQUIPMENT—Continued.

New York Central R. R. Co., application for loan to aid in providing new equipment and making additions and betterments to existing equipment, granted. Loan to New York Central, 508.

New York, New Haven & Hartford R. R. Co., application for loan to provide new equipment, granted. New York, New Haven & Hartford Loan, 876.

Northern Pacific Ry. Co., application for loan to purchase new locomotives and freight equipment, granted. Northern Pacific Ry. Loan, 886.

Seaboard Air Line Ry. Co., application for loan to assist in acquiring refrigerator equipment, granted. Loan to Seaboard Air Line Ry., 163.

Southern Pacific Co., application for loan to aid in providing new equipment denied. Necessary showing not made that applicant is unable to provide itself with such funds from other sources. Southern Pacific Co. Loan, 365.

Southern Ry. Co., application for a loan to aid in the purchase of new locomotives and box cars, granted. Loan to Southern Ry., 710.

Virginian Ry. Co., application for loan to aid in acquiring new locomotives, granted. Loan to Virginian Ry., 208.

Western Maryland Ry. Co., authority to issue marine-equipment gold notes under a certain proposed agreement of conditional sale, and to sell the same at not less than par and accrued interest, for purpose of obtaining funds to cover the construction and delivery of a steel car float, granted. Notes of Western Maryland Ry., 717.

EQUIPMENT CORPORATIONS.

The Commission can not undertake the formation of, but upon presentation of a definite, well matured, and workable plan capable of application in the immediate future it will give preferred consideration to applications for loans to or for the purpose of such corporation. It is both desirable and practicable to devise such a plan in the case of refrigerator equipment, and the Commission particularly commends this matter to the attention of the railroad executives. Principles to be Observed in Recommending Loans, 12.

EQUIPMENT NOTES. See NOTES.**EQUIPMENT TRUST BONDS. See BONDS.****EQUIPMENT TRUST CERTIFICATES.**

Atlantic Coast Line R. R. Co., authority to enter into an agreement, under which specified equipment will be held in trust for the benefit of the holders of trust certificates to be issued thereunder; to enter into a lease covering the equipment; and by said agreement and lease to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment (title to which will ultimately be acquired by the applicant) sums sufficient to pay the principal of the certificates, dividends thereon and certain other charges, granted. Agreement of Atlantic Coast Line R. R., 571.

Bangor & Aroostook R. R. Co., authority to execute and deliver a certain agreement, and agreement of lease, and to obligate itself to pay prior-lien and deferred-lien equipment-trust certificates and attached dividend warrants, toward the procurement of certain equipment; for the sale of said prior-lien certificates and the application of the proceeds toward the purchase of certain equipment; and to pledge said deferred-lien certificates, together with certain bonds, with the Secretary of the Treasury for a loan, granted. Equipment Trust of Bangor & Aroostook R. R., 623.

EQUIPMENT TRUST CERTIFICATES—Continued.

Central of Georgia Ry. Co., authority to enter into a proposed equipment-trust agreement, under which certain equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into a separate agreement of lease covering said equipment; and to assume obligation of liability as guarantor by indorsement for the payment of the principal and dividends of said trust certificates, granted. Equipment-Trust Agreement of Central of Georgia Ry., 773.

Chesapeake & Ohio Ry. Co., authority to enter into a proposed equipment-trust agreement, under which said equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into separate agreement of lease covering said equipment; and to assume obligation or liability, as guarantor by indorsement, for the payment of the principal and dividends of said trust certificates, granted. Agreement of Chesapeake & Ohio Ry., 469.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to sell equipment-trust certificates heretofore issued and now in the treasury of the applicant; to assume the obligation of paying principal and interest of equipment-trust certificates, to be issued under an equipment-trust agreement, by execution of lease of certain equipment; and to sell such last named equipment-trust certificates, granted. Chicago, St. Paul, Minneapolis & Omaha Certificates, 308.

Illinois Central R. R. Co., authority to execute and deliver certain agreements and to assume obligations to pay equipment-trust certificates and attached dividend warrants toward the procurement of certain equipment; to sell said trust certificates; and for the application of the proceeds of said trust certificates toward the purchase of certain equipment, granted. Illinois Central R. R. Trust, 313.

Long Island R. R. Co., authority to execute and deliver an agreement with certain vendors and trustees, and a certain agreement of lease and agreement of assignment of lease by which applicant obligates itself to pay equipment-trust certificates and attached dividend warrants to be issued thereunder by said trustees and to make and deliver to said trustees unsecured notes, to be applied to procurement of equipment set forth in said lease, granted. Equipment Trust of Long Island R. R. Co., 144.

Pittsburgh & Lake Erie R. R. Co., authority to execute an agreement with certain vendors and trustee, and a certain agreement of lease with such trustee, by which applicant obligates itself to pay equipment-trust gold-certificates and attached dividend warrants to be issued thereunder by said trustee, granted. Equipment Trust of Pittsburgh & Lake Erie R. R., 159.

EXCESS EARNINGS. See **EARNINGS.**

EXCHANGE OF BONDS. See also **BONDS.**

The delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of a first-lien and refunding mortgage, involves an issue of securities within the meaning of section 20a of the interstate commerce act. Bonds of Union Pacific R. R., 735 (736); Bonds of Oregon-Washington R. R. & Nav. Co., 739 (740).

EXCHANGE OF STOCK. See **STOCKS.**

EXTENSION OF DATE OF MATURITY. See **MATURITY.**

EXTENSION OF LINE.

In General: The construction of a proposed line could not be justified, either as an independent short line or purely as a branch line, solely on a record showing estimated earnings of 1.3 per cent for the first five years and 3.5 per cent thereafter on an unusually high estimated cost of nearly \$4,000,000 for a proposed 43.5-mile construction, the apparent convenience and benefit to the surrounding territory notwithstanding. Union Pacific R. R. Certificate, 382 (383).

Kansas City, Mexico & Orient R. R. Co., extent to which additions would facilitate the movement of cars, and the plan and details of cost, not sufficiently proved to enable a recommendation for a loan. Kansas City, Mexico & Orient R. R. Loan, 36 (42-43).

Potato Creek R. R. Co., certificate of public convenience and necessity authorizing the construction of an extension in Potter and McKean counties, Pa., which will make possible more efficient and economical operation, and the abandonment of a portion of such line which serves no useful purpose, issued. Certificate to Potato Creek R. R., 636.

Tennessee R. R. Co., certificate of public convenience and necessity to construct a branch line of railroad in Campbell and Anderson counties, Tenn., for the handling of timber and coal, issued. Certificate to Tennessee R. R., 654.

Union Pacific R. R. Co., certificate of public convenience and necessity issued authorizing extension of its line in Scotts Bluff county, Nebr., and Goshen county, Wyo., and due to the uncertainty of adequate return during the first few years of operation, such carrier permitted to retain all of its earnings derived from such extension for a period not to exceed 10 years. Union Pacific R. R. Certificate, 382.

FEDERAL CONTROL.**In General:**

Because of the abnormal conditions which prevailed during federal control, the results of that period can not be accepted as criteria in determining an application for a loan to meet maturing indebtedness. Loan to B. & M. R. R., 1 (4).

It was apparently recognized by the Congress that short line railroads, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such short lines as had suffered deficits in railway operating income while under private operation, during federal control. St. Joseph Belt Ry. Certificate, 443 (447).

Atlanta & St. Andrews Bay Ry. Co., amount payable to, under the provisions of paragraphs (f) and (g) of section 204 of the transportation act, 1920, in reimbursement of deficit during federal control ascertained, from which no amount is deductible on account of traffic balances and other indebtedness due the President (as operator of the transportation systems under federal control). Final Settlement with Atlanta & St. Andrews Bay Ry. Co., 628.

Baltimore & Ohio R. R. Co., authority to issue refunding and general mortgage bonds, and to exchange the same for an equivalent amount of refunding and general mortgage bonds; and to pledge refunding and

FEDERAL CONTROL—Continued.

general mortgage bonds with the Director General of railroads as security to fund balance due to the United States growing out of the operation of its property during federal control, granted. Bonds of Baltimore & Ohio R. R., 704.

Fourche River Valley & Indian Territory Ry. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Fourche River Valley & Indian Territory Ry., 708.

Little Cottonwood Transportation Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

Monson R. R. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Monson R. R., 781.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, and to pledge them with the Director General of Railroads as security for a demand note for a like amount in payment of indebtedness to the United States for additions and betterments made during federal control, granted. Bonds of New York Central R. R., 714.

Norfolk Southern R. R. Co., amount necessary to make good the guaranty under section 209 of the transportation act, 1920, ascertained and final settlement made by deducting therefrom amount heretofore certified for payment as advances under that section. Settlement with Norfolk Southern R. R., 798.

St. Joseph Belt Ry., found not to have been under private operation, within the meaning of section 204 of the transportation act, 1920, during any portion of the federal control period. Section 14 of the federal control act set a general limit upon federal control, and named three methods by which such control might be earlier terminated and none of these processes were employed. St. Joseph Belt Ry. Certificate, 443.

FEEDER LINES.

Norfolk & Western Ry. Co., certificate of public convenience and necessity authorizing the acquisition and operation of certain feeder lines in Kentucky and West Virginia, issued. Operation of lines in question by applicant through its own organization is desirable from the standpoint of economy and efficiency, and in order to avoid duplication of accounting and annual reports. Certificate for Norfolk & Western Ry., 757.

FINAL SETTLEMENT.

Atlanta & St. Andrews Bay Ry. Co., amount payable to, under the provisions of paragraphs (f) and (g) of section 204 of the transportation act, 1920, in reimbursement of deficit during federal control ascertained, from which no amount is deductible on account of traffic balances and other indebtedness due the President (as operator of the transportation systems under federal control). Final Settlement with Atlanta & St. Andrews Bay Ry. Co., 623.

FINAL SETTLEMENT—Continued.

Fourche River Valley & Indian Territory Ry. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Fourche River Valley & Indian Territory Ry., 706.

Indiana Harbor Belt R. R. Co., authority granted to issue demand promissory notes to supply funds for current expenses, which notes are required to be paid out of earnings within two years from date of order, or out of proceeds of settlement under the guaranty provisions of section 209 of the transportation act, 1920, if the same shall be made within that time. Indiana Harbor Belt R. R. Notes, 362.

Little Cottonwood Transportation Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

Monson R. R. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Monson R. R., 781.

Norfolk Southern R. R. Co., amount necessary to make good the guaranty under section 209 of the transportation act, 1920, ascertained and final settlement made by deducting therefrom amount heretofore certified for payment as advances under that section. Settlement with Norfolk Southern R. R., 798.

FLOATING DEBT.

Salt Lake & Utah R. R., advance toward payment of, found not necessary to enable the carrier properly to meet the transportation needs of the public. Salt Lake & Utah R. R. Loan, 8 (11).

FREIGHT CARS. See also EQUIPMENT.

Sum of \$75,000,000 fixed as portion of revolving fund to be used in the acquisition of. Principles to be Observed in Recommending Loans, 12.

GOLD NOTES. See NOTES.**GUARANTEE OF NOTES. See NOTES.****GUARANTY. See FINAL SETTLEMENT.****GULF PORTS TERMINAL RAILWAY COMPANY.**

Found not to be a common carrier subject to the interstate commerce act and therefore not entitled to a loan under the provisions of the transportation act, 1920. Gulf Ports Terminal Ry. Loan, 421 (423).

HEARING.

Where the state has already approved a proposed abandonment of line and no representations have been made to the Commission against the same by any interested person or locality, it is not deemed necessary to hold a formal hearing. Certificate of Public Convenience and Necessity, 886.

HURRICANE.

Aransas Harbor Terminal Ry., application for a loan from the United States to enable it to reconstruct a portion of its road which was so badly damaged by a hurricane as to make it necessary to reconstruct its main line, granted in part. Aransas Harbor Terminal Ry. Loan, 20.

IMPROVEMENTS. See ADDITIONS AND BETTERMENTS.**INCOME DEBENTURES. See DEBENTURES.**

INTEREST.

Contributions of private capital to meet the loans of the Government should be obtained at reasonable interest charges. These funds will be invested for purpose of gaining the indirect benefits which will accrue if carriers are enabled better to meet the transportation needs of the country. It should be possible to obtain these contributions in part from shippers who are suffering from inadequate transportation and a proper spirit of co-operation should make it possible to secure private funds at rates not in excess of the rate which the government itself accepts. Principles to be Observed in Recommending Loans, 12 (15).

In order to give force and effect to the statute, the inability to obtain funds from other sources, contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, construed as an inability to secure funds, upon terms which the carrier with due regard for the public interest would be justified in accepting, and an excessive rate of interest or other unduly burdensome or injurious conditions which the exercise of sound business discretion will not permit constitute inability, within the meaning of the statute, to obtain funds from other sources. Applications for Loans, 407.

The majority of the railroads would not be unable to obtain funds on some terms, provided they agreed to burden themselves and their patrons for a term of years with unusual and excessive rates of interest. The rate of interest which an individual railroad may be required to pay is the market rate for a railroad of its class. *Id.* (408).

Richmond Terminal Ry. Co., authority to issue promissory notes, the proceeds to be used for the purpose of liquidating interest that accrued during period of construction, and to provide a working fund to care for its payroll and miscellaneous accounts, pending collections from tenants, granted. Notes of Richmond Terminal Ry., 753.

ISSUANCE OF SECURITIES. *See* SECURITIES.

JURISDICTION.

Abandonment of Line: As the law now stands, a railroad can not be abandoned without the approval of the Commission. Kansas City, Mexico & Orient R. R. Loan, 86 (40).

Exchange of Bonds: The delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of a first-lien and refunding mortgage, involves an issue of securities within the meaning of section 20a of the interstate commerce act. Bonds of Union Pacific R. R., 735 (736); Bonds of Oregon-Washington R. R. & Nav. Co., 739 (740).

Issuance of Securities:

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to the Commission's jurisdiction. Paragraph 7 of section 20a of the act confers exclusive and plenary jurisdiction upon the Commission to authorize the issue of securities by such carriers and it is provided therein that a carrier may issue securities and assume obligations or liabilities without securing approval other than from the Commission. Bonds of New York Central, 534 (539); Bonds of Michigan Central R. R., 544 (546); Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549 (552); Note of Toledo & Ohio Central Ry., 556 (557); Note of Zanesville & Western Ry., 559 (560); Note of Kanawha & Michigan Ry., 562 (563); Note of Lake Erie & Western R. R., 565 (566); Note of Cincinnati Northern R. R., 568 (569).

JURISDICTION—Continued.**Issuance of Securities—Continued.**

Paragraph 2 of section 20a of the act provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, the Commission authorizes such issue. Any security for the issue of which the Commission's authority is required, is void if issued without said authority having been first obtained. Bonds of New York Central, 534 (539); Bonds of Michigan Central R.R., 544 (546); Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549 (552); Note of Toledo & Ohio Central Ry., 556 (557); Note of Zanesville & Western Ry., 559 (560); Note of Kanawha & Michigan Ry., 562 (563); Note of Lake Erie & Western R. R., 565 (566); Note of Cincinnati Northern R. R., 568 (569).

Contention that as applicant is a railroad corporation organized and existing under the laws of certain states, the Commission has no jurisdiction; that the issue of securities by the applicant does not involve a federal question; and that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree so far as its security issues are concerned. *Held*, Commission has jurisdiction. Notes of Cleveland, Cincinnati, Chicago & St. Louis Ry., 764 (765); Notes of New York Central R. R., 787 (788); Notes of Michigan Central R. R., 790 (791).

Leases: Lease by which one carrier leases to another all its property now owned or hereafter acquired, is lawful only if, and to the extent that, it is approved by the Commission. Lease of Valley Terminal Ry., 105.

LEASE.

In General: Lease by which one carrier leases to another all its property now owned or hereafter acquired, is lawful only if, and to the extent that, it is approved by the Commission. Lease of Valley Terminal Ry., 105.

Atlantic Coast Line R. R. Co., authority to enter into an agreement, under which specified equipment will be held in trust for the benefit of the holders of trust certificates to be issued thereunder; to enter into a lease covering the equipment; and by said agreement and lease to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment (title to which will ultimately be acquired by the applicant) sums sufficient to pay the principal of the certificates, dividends thereon and certain other charges, granted. Agreement of Atlantic Coast Line R. R., 571.

Bangor & Aroostook R. R. Co., authority to execute and deliver a certain agreement, and agreement of lease, and to obligate itself to pay prior-lien and deferred-lien equipment-trust certificates and attached dividend warrants, toward the procurement of certain equipment; for the sale of said prior-lien certificates and the application of the proceeds toward the purchase of certain equipment; and to pledge said deferred-lien certificates, together with certain bonds, with the Secretary of the Treasury for a loan, granted. Equipment Trust of Bangor & Aroostook R. R., 628.

Central of Georgia Ry. Co., authority to enter into a proposed equipment-trust agreement, under which certain equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into a separate agreement of lease covering said equipment; and to assume obligation or liability as guarantor by indorsement for the pay-

LEASE—Continued.

ment of the principal and dividends of said trust certificates, granted. Equipment-Trust Agreement of Central of Georgia Ry., 778.

Chesapeake & Ohio Ry. Co., authority to enter into a proposed equipment-trust agreement, under which said equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into separate agreement of lease covering said equipment; and to assume obligation or liability, as guarantor by indorsement, for the payment of the principal and dividends of said trust certificates, granted. Agreement of Chesapeake & Ohio Ry., 469.

Long Island R. R. Co., authority to execute and deliver an agreement with certain vendors and trustees, and a certain agreement of lease and agreement of assignment of lease by which applicant obligates itself to pay equipment-trust certificates and attached dividend warrants to be issued thereunder by said trustees, and to make and deliver to said trustees unsecured notes, to be applied to procurement of equipment set forth in said lease, granted. Equipment Trust of Long Island R. R. Co., 144.

Pittsburgh & Lake Erie R. R. Co., authority to execute an agreement with certain vendors and trustee, and a certain agreement of lease with such trustee, by which applicant obligates itself to pay equipment-trust gold certificates and attached dividend warrants to be issued thereunder by said trustee, granted. Equipment Trust of Pittsburgh & Lake Erie R. R., 159.

Valley Terminal Ry., lease to the St. Louis Southwestern Ry. Co., of all the property now owned or hereafter acquired by the former, approved for a period of two years, but provision for indefinite continuance until terminated by mutual agreement of the parties in writing, disapproved. Lease of Valley Terminal Ry., 105.

LIEN. See LEASE.**LOANS TO CARRIERS.****Acquisition of Equipment:****In General:**

Sum of \$125,000,000 fixed as portion of revolving fund to be used in the acquisition of equipment, \$50,000,000 to be used in the acquisition of locomotives, and \$75,000,000 in the acquisition of freight cars. Principles to be Observed in Recommending Loans, 12.

Apportionment of \$75,000,000 for freight cars will be used primarily to aid in the acquisition of 20,000 refrigerator cars. Method of allotment and preferences outlined. Id. (12-13).

A loan can not be recommended where a company now owns more equipment than is required by the transportation needs which it now serves, and more than will be required by any increased traffic reasonably to be expected during the transition period following the termination of federal control. Kansas City, Mexico & Orient R. R. Loan, 36 (42).

Applications Denied:

Electric Short Line Ry. Co., 842.

Southern Pacific Co., 865.

Applications Granted:

Bangor & Aroostook R. R. Co., 44; 661; 734.

Central of Georgia Ry. Co., 72; 619; 733.

Chicago, Burlington & Quincy R. R. Co., 48.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., 503.

Illinois Central R. R. Co., 51; 200.

LOANS TO CARRIERS—Continued.**Acquisition of Equipment—Continued.****Applications Granted—Continued.**

Michigan Central R. R. Co., 503.

New York Central R. R. Co., 503.

New York, New Haven & Hartford R. R. Co., 376.

Northern Pacific Ry. Co., 336.

Seaboard Air Line Ry. Co., 163.

Applications Granted in Part:

Atchison, Topeka & Santa Fe Ry. Co., 59.

Baltimore & Ohio R. R. Co., 575.

Chesapeake & Ohio Ry. Co., 261.

Great Northern Ry. Co., 78; 139.

Maine Central R. R. Co., 203.

Southern Ry. Co., 710.

Acquisition of Locomotives:

In General: Apportionment of \$50,000,000 for locomotives to be first used to aid in acquiring freight and switching locomotives and not for passenger locomotives until and unless applications for freight and switching locomotives are met, applicants to contribute at least 50 per cent of cost. Method of apportionment in event demand should be in excess of allotment outlined. Principles to be Observed in Recommending Loans, 12 (13).

Applications Granted:

Ann Arbor R. R. Co., 90; 660.

Central of Georgia Ry. Co., 619; 783.

Chicago Great Western R. R. Co., 241.

Chicago, Indianapolis & Louisville Ry. Co., 606.

Fort Smith & Western R. R. Co., 459.

Missouri Pacific R. R. Co., 272; 643.

Northern Pacific Ry. Co., 336.

Virginian Ry. Co., 208.

Western Maryland Ry. Co., 668.

Applications Granted in Part:

Alabama & Vicksburg Ry. Co., 650.

Boston & Maine R. R., 402.

Chesapeake & Ohio Ry. Co., 261.

Chicago Great Western R. R. Co., 100; 157.

Gulf, Mobile & Northern R. R. Co., 353.

Long Island R. R. Co., 247; 467.

Additions and Betterments:**In General:**

Appropriation from revolving fund for loans to aid in making additions and betterments which will promote the movement of cars fixed at \$73,000,000. Principles to be Observed in Recommending Loans, 12 (13).

No loans for the purpose of making additions and betterments will be recommended without satisfactory assurance that the government funds will be met by such contributions from the carriers as it is within their power to furnish. Id. (14).

Loans for purpose of making additions and betterments will not be recommended except upon satisfactory evidence that the additions and betterments will relieve congestion or otherwise enable existing equipment to do more work. Id. (14).

LOANS TO CARRIERS—Continued.**Additions and Betterments—Continued.**

- Ann Arbor R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Ann Arbor R. R., 693.
- Baltimore & Ohio R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Baltimore & Ohio R. R., 234.
- Bangor & Aroostook R. R. Co., application for loan to provide, to way and structure, granted. Loan to Bangor & Aroostook R. R. 44; 661; 734.
- Boston & Maine R. R., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Boston & Maine R. R., 402.
- Central New England Ry. Co., application for loan to provide, to way and structures, granted. Loan to Central New England Ry., 294.
- Chicago Great Western R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Chicago Great Western R. R., 100; 157; 241; 433; 486; 529.
- Chicago, Indianapolis & Louisville Ry. Co., application for loan to erect a modern steel-car repair shop, granted. Loan to Chicago, Indianapolis & Louisville Ry., 298.
- Chicago, Rock Island & Pacific Ry. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Chicago, Rock Island & Pacific Ry., 371; 431.
- Cincinnati Northern R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- Delaware & Hudson Co., application for loan to provide, to way and structures, granted in part. Loan to Delaware & Hudson Co., 96; 332; 350.
- Electric Short Line Ry. Co., application for loan to provide, to existing equipment and way and structures, denied. Loan to Electric Short Line Ry., 342.
- Erie R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Erie R. R., 317.
- Fort Smith & Western R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to Ft. Smith & Western, 459.
- Great Northern Ry. Co., application for loan to provide, to existing equipment and other additions and betterments, granted in part. Loan to Great Northern Ry., 78; 139.
- Gulf, Mobile & Northern R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Gulf, Mobile & Northern, 353.
- Hocking Valley Ry. Co., application for loan to aid in providing, to existing equipment and way and structures, granted in part. Loan to Hocking Valley Ry. Co., 812.
- Huntingdon & Broad Top Mountain R. R. & Coal Co., application for loan to provide, to way and structures, granted. Loan to Huntingdon & Broad Top Mountain R. R. & Coal Co., 499.

LOANS TO CARRIERS—Continued.

Additions and Betterments—Continued.

- Kansas City, Mexico & Orient R. R. Co., no necessity therefor shown to exist and application for a loan to provide, to way and structures, denied. Loan to Kansas City, Mexico & Orient R. R. 36 (42).
- Kanawha & Michigan Ry. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- Lake Erie & Western R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- Long Island R. R. Co., application for loan to provide, to way and structures, granted. Loan to Long Island R. R., 247; 467.
- Maine Central R. R. Co., application for loan to provide, to existing equipment and way and structures, granted in part. Loan to Maine Central R. R., 203.
- Michigan Central R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- Missouri Pacific R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Missouri Pacific R. R., 272.
- New York Central R. R. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to New York Central, 503.
- New York, New Haven & Hartford R. R. Co., application for loan to provide, to way and structures, granted. Loan to New York, New Haven & Hartford, 376.
- Northern Pacific Ry. Co., application for loan to provide, to way and structures, granted. Loan to Northern Pacific Ry., 336.
- Pennsylvania R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Pennsylvania R. R., 322.
- Rutland R. R. Co., application for loan to provide, to way and structures, granted in part. Loan to Rutland R. R., 351.
- Salt Lake & Utah R. R. Co., application for loan to provide, to way and structures, granted upon supplemental report. Original report 63 I. C. C., 8. Loan to Salt Lake & Utah R. R., 55.
- Seaboard Air Line Ry. Co., application for loan to provide, to existing equipment and way and structures, granted. Loan to Seaboard Air Line Ry., 163.
- Shearwood Ry. Co., application for loan to provide, to way and structures, granted. Loan to Shearwood Ry., 367.
- Terminal R. R. Asso. of St. Louis, application for loan to provide, to way and structures, granted in part. Loan to Terminal R. R. Asso., 148; 195.
- Toledo & Ohio Central Ry. Co., application for loan to provide, to way and structures, granted. Loan to New York Central, 503.
- Virginian Ry. Co., application for loan to provide, to way and structures, granted. Loan to Virginian Ry. Co., 208.
- Western Maryland Ry. Co., upon supplemental report, application for a loan to make, to way and structures, granted in part. Former report 65 I. C. C., 86. Loan to Western Maryland Ry., 664.
- Wheeling & Lake Erie Ry. Co., application for loan to provide, to way and structures, granted in part. Loan to Wheeling & Lake Erie Ry., 217; 272.

LOANS TO CARRIERS—Continued.**Additions and Betterments—Continued.**

Wilmington, Brunswick & Southern R. R. Co., application for loan to provide, to way and structures, granted. Loan to Wilmington, Brunswick & Southern R. R., 495.

Zanesville & Western Ry. Co., application for loan to provide to way and structures, granted. Loan to New York Central, 503.

Cases in Which Applications for Loans Denied:

Electric Short Line Ry. Co., 342.

Gulf Ports Terminal Ry. Co., 421.

Kansas City, Mexico & Orient R. R. Co., 36.

Kansas City, Mexico & Orient Ry. Co. of Texas, 36.

Maxton, Alma & Southbound R. R. Co., 302.

Pensacola, Mobile & New Orleans Ry. Co., 421.

Southern Pacific Co., 365.

Cases in Which Applications for Loans Granted:

Ann Arbor R. R. Co., 90; 525; 660; 693.

Bangor & Aroostook R. R. Co., 44; 661; 734.

Boston & Maine R. R., 1.

Buffalo, Rochester & Pittsburgh Ry. Co., 530.

Carolina, Clinchfield & Ohio Ry., 251.

Central New England Ry. Co., 294.

Central of Georgia Ry. Co., 72; 619; 783.

Chicago, Burlington & Quincy R. R. Co., 48.

Chicago Great Western R. R. Co., 241.

Chicago, Milwaukee & St. Paul Ry. Co., 491.

Cincinnati Northern R. R. Co., 503.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., 503.

Fort Smith & Western R. R. Co., 459.

Huntingdon & Broad Top Mountain R. R. & Coal Co., 499.

Illinois Central R. R. Co., 51; 200.

Kanawha & Michigan Ry. Co., 503.

Kansas City, Mexico & Orient R. R. Co., 265.

Lake Erie & Western R. R. Co., 503.

Maine Central R. R. Co., 244; 640.

Michigan Central R. R. Co., 503.

Missouri Pacific R. R. Co., 643.

New York Central R. R. Co., 503.

New York, New Haven & Hartford R. R. Co., 376.

Northern Pacific Ry. Co., 336.

Shearwood Ry. Co., 367.

Toledo & Ohio Central Ry. Co., 503.

Trans-Mississippi Terminal R. R. Co., 354.

Virginian Ry. Co., 206.

Virginia Southern R. R. Co., 463.

Waterloo, Cedar Falls & Northern Ry. Co., 610.

Western Maryland Ry. Co., 668.

Wheeling & Lake Erie R. R. Co., 394.

Wilmington, Brunswick & Southern R. R. Co., 495.

Zanesville & Western Ry. Co., 503.

Cases in Which Applications for Loans Granted in Part:

Alabama & Vicksburg Ry. Co., 650.

Ann Arbor R. R. Co., 693.

LOANS TO CARRIERS—Continued.

Cases in Which Applications for Loans Granted in Part—Continued.

Aransas Harbor Terminal Ry., 20.
 Atchison, Topeka & Santa Fe Ry. Co., 59.
 Atlanta, Birmingham & Atlantic Ry. Co., 67,
 Baltimore & Ohio R. R. Co., 284; 575.
 Boston & Maine R. R., 402.
 Carolina, Clinchfield & Ohio Ry., 26.
 Chesapeake & Ohio Ry. Co., 261.
 Chicago & Western Indiana R. R. Co., 113; 155.
 Chicago Great Western R. R. Co., 100; 157; 241; 433; 486; 529.
 Chicago, Indianapolis & Louisville Ry. Co., 298; 606.
 Chicago, Rock Island & Pacific Ry. Co., 224; 371; 431.
 Delaware & Hudson Co., 96; 332; 350.
 Erie R. R. Co., 134; 317.
 Great Northern Ry. Co., 78; 139.
 Gulf, Mobile & Northern R. R. Co., 358.
 Hocking Valley Ry. Co., 812.
 Long Island R. R. Co., 247; 467.
 Maine Central R. R. Co., 203.
 Missouri Pacific R. R. Co., 272.
 Pennsylvania R. R. Co., 822.
 Peoria & Pekin Union Ry. Co., 801.
 Rutland R. R. Co., 351.
 Salt Lake & Utah R. R., 8; 55.
 Seaboard Air Line Ry. Co., 163.
 Southern Ry. Co., 710.
 Terminal R. R. Asso. of St. Louis, 148; 195.
 Western Maryland Ry. Co. 86; 664.
 Wheeling & Lake Erie Ry. Co., 217; 278; 281; 394.

Completion of New Line: Pensacola, Mobile & New Orleans Ry. Co., application for loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Loan to Gulf Ports Terminal Ry., 421.

Contributions of Private Capital: To meet the loans of the government should be obtained at reasonable interest charges. These funds will be invested for purposes of gaining the indirect benefits which will accrue if carriers are enabled better to meet the transportation needs of the country. It should be possible to obtain these contributions in part from shippers who are suffering from inadequate transportation and a proper spirit of cooperation should make it possible to secure private funds at rates not in excess of the rate which the government itself accepts. Principles to be Observed in Recommending Loans, 12 (15).

Extension of Line: Kansas City, Mexico & Orient R. R. Co., extent to which addition would facilitate the movement of cars, and the plan and details of cost, not sufficiently proved to enable a recommendation for a loan. Loan to Kansas City, Mexico & Orient R. R., 36 (42-43).

LOANS TO CARRIERS—Continued.**Inability to Obtain Funds from Sources Other than United States:**

In order to give force and effect to the statute, the inability to obtain funds from other sources, contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, construed as an inability to secure funds upon terms which the carrier with due regard for the public interest would be justified in accepting, and an excessive rate of interest or other unduly burdensome or injurious conditions which the exercise of sound business discretion will not permit constitute inability, within the meaning of the statute, to obtain funds from other sources. Applications for Loans, 407.

The majority of the railroads would not be unable to obtain funds on some terms, provided they agreed to burden themselves and their patrons for a term of years with unusual and excessive rates of interest. The rate of interest which an individual railroad may be required to pay is the market rate for a railroad of its class. Id. (408).

Under a literal interpretation of the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, the majority of railroads would be unable to qualify for loans. The remainder of the roads, while able to make the showing that they are unable to obtain funds from other sources, generally can not make the further showing required by the statute governing prospective earning power and security to be offered. Under these conditions it would be practically impossible to make any loans, and the section would be reduced to a nullity. Id. (408).

Inability to obtain funds from other sources contemplated by the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, is not an absolute inability, but a practical inability or inability within the exercise of sound business discretion in the public interest to be determined by the consideration of the facts of each particular case. Id. (409).

New or Amended Applications: A fair and comprehensive administration of the act requires that all applications for loans be amended or filed in the light of principles set forth and of the knowledge now available as to the purposes and limits of the law. Time for filing of applications and amendments extended to May 29, 1920, and necessary information to be supplied the Commission to enable it to pass upon the propriety and expediency of recommending the loans, outlined. Principles to be Observed in Recommending Loans, 12 (15-17).

Prerequisites to Obtain:

No loans will be recommended for any purpose except upon evidence that the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan. Principles to be Observed in Recommending Loans, 12 (15).

In determining the value of security offered for a loan from the United States, the prospective earning power of the applicant is the controlling factor. Loan to Maxton, Alma & Southbound R. R., 302 (303); Loan to Electric Short Line Ry., 342 (343).

LOANS TO CARRIERS—Continued.**Prerequisites to Obtain—Continued.**

One of the prerequisites to the making of loans to carriers under section 210 of the transportation act, 1920, is the finding by the Commission that the applicants are unable to provide themselves with the necessary funds from other sources. Loan to Southern Pacific Co., 385 (386).

Under a literal interpretation of the concluding clause of paragraph (b) of section 210 of the transportation act, 1920, the majority of the railroads would be unable to qualify for loans. The remainder of the roads, while able to make the showing that they are unable to obtain funds from other sources, generally can not make the further showing required by the statute governing prospective earning power and security to be offered. Under these conditions it would be practically impossible to make any loans and the section would be reduced to a nullity. Applications for Loans, 407 (408).

Principles to be Observed: Principles which control the Commission's action in recommending to the Secretary of the Treasury loans from the revolving fund, created by section 210 of the transportation act, 1920, outlined. Principles to be Observed in Recommending Loans, 12.

Priority of, to Equipment Corporations: The Commission can not undertake the formation of an equipment corporation or corporations, but upon presentation of a definite, well matured, and workable plan capable of application in the immediate future, it will give preferred consideration to applications for loans to or for the purpose of such corporation. It is both desirable and practicable to devise such a plan in the case of refrigerator equipment, and the Commission particularly commends this matter to the attention of the railroad executives. Principles to be Observed in Recommending Loans, 12.

Purposes for Which Granted: It was undoubtedly the legislative intent that the railroads should be enabled, through loans made under section 210 of the transportation act, 1920, expeditiously to move the commerce of the country, to meet maturing capital obligations and otherwise properly to serve the public during the transition period of two years immediately following the termination of federal control. Applications for Loans, 407 (408).

Short-Line Railroads:

In General: Appropriation from revolving fund for loans to short-line railroads fixed at \$12,000,000. Principles to be Observed in Recommending Loans, 12 (14).

Gulf Ports Terminal Ry. Co., found not to be a common carrier subject to the interstate commerce act and therefore not entitled to a loan under the provisions of the transportation act, 1920. Loan to Gulf Ports Terminal Ry., 421 (423).

Pensacola, Mobile & New Orleans Ry. Co.:

Application for a loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Loan to Gulf Ports Terminal Ry., 421.

LOANS TO CARRIERS—Continued.**To Meet Maturities:****In General:**

Because of the abnormal conditions which prevailed during federal control, the results of that period can not be accepted as criteria in determining an application for a loan to meet maturing indebtedness. Loan to B. & M. R. R., 1 (4).

Appropriation from revolving fund for purpose of, fixed at \$50,000,000. Principles to be Observed in Recommending Loans, 12 (14).

It will be the policy of the Commission not to recommend loans in cases where applicants have not clearly exhausted every effort to take care of maturities by extension, by refunding, and by every other means; and all applications should set forth as definitely as possible by whom and in what amounts the maturing obligations are held and what steps have been taken to extend, refund, or otherwise provide for them. The Commission will emphasize the necessity for self-help in all cases and will expect applicants to assume their fair share of the burden. Id. (14).

Application Denied: Maxton, Alma & Southbound R. R. Co., 302.

Applications Granted:

Ann Arbor R. R. Co., 525.

Atlanta, Birmingham & Atlantic Ry. Co., 67.

Buffalo, Rochester & Pittsburgh Ry. Co., 530.

Carolina, Clinchfield & Ohio Ry. Co., 251.

Chicago, Milwaukee & St. Paul Ry. Co., 491.

Kansas City, Mexico & Orient R. R. Co., 265.

Maine Central R. R. Co., 244; 640.

Salt Lake & Utah R. R. Co., 55.

Shearwood Ry. Co., 367.

Trans-Mississippi Terminal R. R. Co., 354.

Virginia Southern R. R. Co., 463.

Waterloo, Cedar Falls & Northern Ry. Co., 610.

Wilmington, Brunswick & Southern R. R. Co., 495.

Applications Granted in Part:

Alabama & Vicksburg Ry. Co., 650.

Chicago & Western Indiana R. R. Co., 113; 155.

Chicago Great Western R. R. Co., 433.

Chicago, Rock Island & Pacific Ry. Co., 224.

Erie R. R. Co., 134.

Great Northern Ry. Co., 73; 139.

Missouri Pacific R. R. Co., 272.

Peoria & Pekin Union Ry. Co., 301.

Seaboard Air Line Ry. Co., 163.

Terminal R. R. Asso. of St. Louis, 148; 195.

Western Maryland Ry. Co., 86.

Wheeling & Lake Erie Ry. Co., 217; 281; 394.

LOCOMOTIVES.**In General:**

Sum of \$50,000,000 fixed as portion of revolving fund to be used in the acquisition of. Principles to be Observed in Recommending Loans, 12.

LOCOMOTIVES—Continued.**In General—Continued.**

Apportionment of \$50,000,000 for locomotives to be first used to aid in acquiring freight and switching locomotives and not for passenger locomotives until and unless applications for freight and switching locomotives are met, applicants to contribute at least 50 per cent of cost. Method of apportionment in event demand should be in excess of allotment outlined. Id. (18).

Alabama & Vicksburg Ry. Co., application for a loan to assist in acquiring freight and switching locomotives, granted in part. Loan to Alabama & Vicksburg Ry. Co., 650.

Ann Arbor R. R. Co.:

Loan to assist in acquiring switching locomotives, granted. Loan to Ann Arbor R. R., 90; 660.

Authority granted for issue of short term notes, the proceeds to be used in procurement of two switching locomotives. Notes of Ann Arbor R. R., 191.

Boston & Maine R. R., application for loan to assist in acquiring switching and freight locomotives, granted in part. Boston & Maine R. R. Loan, 402.

Central of Georgia Ry. Co., application for a loan to aid in the purchase of new locomotives, granted. Loan to Central of Georgia Ry., 619; 783.

Chesapeake & Ohio Ry. Co., loan to assist in acquiring freight and switching locomotives, granted in part. Chesapeake & Ohio Ry. Loan, 261.

Chicago Great Western R. R. Co.:

Loan to assist in acquiring freight locomotives, granted in part. Loan to Chicago Great Western R. R., 100; 157.

Upon supplemental application former findings 65 I. C. C., 100 and 157, modified and loan for the purchase of freight locomotives, granted. Chicago Great Western Loan, 241.

Chicago, Indianapolis & Louisville Ry. Co., upon supplemental report, application for a loan to aid in the purchase of, granted. Former report 65 I. C. C., 298. Loan to Chicago, Indianapolis & Louisville Ry., 606.

Federal Valley R. R. Co., authority to issue promissory notes in payment of the purchase price of one locomotive and one caboose, granted. Notes of Federal Valley R. R., 623.

Fort Smith & Western R. R. Co., application for loan to assist in the purchase of freight locomotives, granted. Ft. Smith & Western Loan, 459.

Gulf, Mobile & Northern R. R. Co., application for loan to assist in the purchase of, granted in part. Gulf, Mobile & Northern Loan, 358.

Long Island R. R. Co., loan to assist in acquiring freight and switching locomotives, granted in part. Loan to Long Island R. R., 247; 467.

Minneapolis & St. Louis R. R. Co., authority to issue promissory notes in connection with the purchase of passenger locomotives, granted. Notes of Minneapolis & St. Louis R. R., 638.

Missouri Pacific R. R. Co., application for loan to provide for the purchase of switching locomotives, granted. Missouri Pacific R. R. Loan, 272; 643.

New Orleans, Texas & Mexico Ry. Co., authority to issue promissory notes; to execute an agreement for the purchase of locomotives from the War Department, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 682.

Virginian Ry. Co., loan to assist in acquiring, granted. Loan to Virginian Ry., 208.

LOCOMOTIVES—Continued.

Western Maryland Ry. Co., application for loan to provide additional freight locomotives, granted. Loan to Western Maryland Ry., 668.

MATERIALS AND SUPPLIES.

Wisconsin & Northern R. R. Co., authority to issue first-mortgage gold bonds in accordance with the terms of a certain mortgage and to sell said bonds, the proceeds to be used for purpose of paying for rail and track fastenings, ties, and other proper capital charges, granted. Bonds of Wisconsin & Northern R. R., 691.

MATURITIES.**In General:**

Appropriation from revolving fund for purpose of, fixed at \$50,000,000.

Principles to be Observed in Recommending Loans, 12 (14).

It will be the policy of the Commission not to recommend loans in cases where applicants have not clearly exhausted every effort to take care of maturities by extension, by refunding, and by every other means; and all applications should set forth as definitely as possible by whom and in what amounts the maturing obligations are held and what steps have been taken to extend, refund, or otherwise provide for them. The Commission will emphasize the necessity for self-help in all cases and will expect applicants to assume their fair share of the burden. Id. (14).

Alabama & Vicksburg Ry. Co., application for a loan to meet, granted in part. Loan to Alabama & Vicksburg Ry. Co., 650.

Ann Arbor R. R. Co., application for a loan to meet, granted. Loan to Ann Arbor R. R. Co., 525.

Atlanta, Birmingham & Atlantic Ry. Co., application for loan to meet, granted. Atlanta, Birmingham & Atlantic Ry. Loan, 67.

Boston & Maine R. R.:

Application for loan to meet, granted in part. Boston & Maine R. R. Loan, 1.

Authority granted for the issue of bonds under a certain mortgage, for purpose of refunding certain bonds and notes. Bonds of Boston & Maine R. R., 213.

Authority to issue mortgage bonds, to be sold or exchanged at not less than par for the purpose of retiring certain maturing bonds, granted. Bonds of Boston & Maine R. R., 585.

Buffalo, Rochester & Pittsburgh Ry. Co., application for loan to meet, granted. Loan to Buffalo, Rochester & Pittsburgh Ry., 580.

Carolina, Clinchfield & Ohio Ry. Co., application for loan to meet, granted in part. Carolina, Clinchfield & Ohio Ry. Loan, 26; 251.

Chicago & Western Indiana R. R. Co., application for loan to meet, granted in part. Loan to Chicago & Western Indiana R. R., 113; 155.

Chicago Great Western R. R. Co., application for loan to meet, granted in part. Chicago Great Western Loan, 433.

Chicago, Milwaukee & St. Paul Ry. Co., application for loan to meet, granted. Loan to Chicago, Milwaukee & St. Paul Ry., 491.

Chicago, Rock Island & Pacific Ry. Co., application for loan to meet, granted in part. Loan to Chicago, Rock Island & Pacific Ry., 224.

Erie R. R. Co., application for loan to meet, granted in part. Loan to Erie R. R., 134.

Great Northern Ry. Co., application for loan to meet, granted in part. Loan to Great Northern Ry. Co., 78; 139.

MATURITIES—Continued.**Kansas City, Mexico & Orient R. R. Co.:**

Application for loan to meet, denied. Kansas City, Mexico & Orient R. R. Loan, 36.

Upon reconsideration, former report 65 I. C. C., 36, application for loan to meet, granted. Kansas City, Mexico & Orient R. R. Loan, 285.

Kansas City, Mexico & Orient Ry. Co. of Texas:

Application for loan to meet, denied. Kansas City, Mexico & Orient R. R. Loan, 36.

Upon reconsideration, former report 65 I. C. C., 36, application for loan meet, granted. Kansas City, Mexico & Orient R. R. Loan, 285.

Maine Central R. R. Co., application for loan to meet, granted. Loan to Maine Central R. R., 244; 640.

Maxton, Alma & Southbound R. R. Co., application for loan to meet, denied. Maxton, Alma & Southbound R. R. Loan, 302.

Missouri Pacific R. R. Co., application for loan to meet, granted in part. Missouri Pacific R. R. Loan, 272.

Peoria & Pekin Union Ry. Co.:

Application for loan to meet, granted in part. Loan to Peoria & Pekin Union Ry., 301.

Authority to extend the time of maturity of first-mortgage and income or second-mortgage bonds; to increase the rates of interest thereon; and to pledge the whole or any part of said bonds with the United States as security for the payment of any loan or loans that may be made to it, granted. Bonds of Peoria & Pekin Union Ry., 309.

Salt Lake & Utah R. R. Co., upon supplemental report, application for loan to meet, granted. Original report, 65 I. C. C., 8. Salt Lake & Utah R. R. Loan, 55.

Seaboard Air Line Ry. Co., application for loan to meet, granted in part. Loan to Seaboard Air Line Ry., 163.

Shearwood Ry. Co., application for loan to meet, granted. Shearwood Ry. Loan, 367.

Terminal R. R. Asso. of St. Louis, application for loan to meet, granted in part. Loan to Terminal R. R. Asso., 148; 195.

Trans-Mississippi Terminal R. R. Co., application for loan to meet, granted. Trans-Mississippi Terminal R. R. Loan, 354.

Trans-Mississippi Terminal R. R. Co., Texas & Pacific Ry. Co. and receivers and Missouri Pacific R. R. Co., authority to enter into a contract extending the maturity date of gold notes, heretofore extended by a predecessor of the Trans-Mississippi Terminal R. R. Co., and the assumption of obligation or liability in respect to said notes as guarantors by indorsement of the same by the Texas & Pacific Ry. Co., and receivers and the Missouri Pacific R. R. Co., granted. Trans-Mississippi Terminal Notes, 450.

Union Terminal Co., authority granted for execution of contracts extending maturity dates of certain 5 per cent unsecured notes, with interest at the rate of 6 per cent per annum. Union Terminal Unsecured Notes, 286.

Virginia Southern R. R. Co., application for loan to meet, granted. Virginia Southern R. R. Loan, 463.

Waterloo, Cedar Falls & Northern Ry. Co., application for loan to aid in meeting, granted. Loan to Waterloo, Cedar Falls & Northern Ry., 610.

MATURITIES—Continued.

Western Maryland Ry., application for loan to meet, granted in part. Loan to Western Maryland Ry., 86.

Wheeling & Lake Erie Ry. Co., application for loan to meet, granted in part. Loan to Wheeling & Lake Erie Ry., 217; 281; 394.

Wilmington, Brunswick & Southern R. R. Co., application for loan to meet, granted. Loan to Wilmington, Brunswick & Southern R. R., 495.

MERGER. See **ACQUISITION OF CONTROL; CONSOLIDATION.**

MORTGAGE BONDS. See **BONDS.**

NEW LINES.

In General: The bare statement of fact that an operating carrier has insufficient equipment to handle the traffic can not be taken as establishing that the services of another carrier are necessary. Certificate of Coon Bayou & Arkansas City Ry., 701.

Coon Bayou & Arkansas City Ry Co., certificate of public convenience and necessity for the construction of a new line of railroad in Desha county, Ark., denied, as such line is not for the benefit of the public, but for a plant facility alone. Certificate of Coon Bayou & Arkansas City Ry., 701.

Michigan Northern R. R. Co., certificate of public convenience and necessity for the construction of a new line of railroad in Michigan, denied. Present record raises serious doubts regarding the probable success of the project; and that degree of assurance of a reasonably successful enterprise not brought with such completeness that conclusion may be predicated thereon with that degree of certainty which every well-planned enterprise contemplates. Construction Application of Michigan Northern, 480.

Moore Haven & Clewiston Ry. Co., authority to issue first-mortgage coupon gold bonds under and pursuant to a certain mortgage, the proceeds to be used for construction purposes on a proposed line, granted. Bonds of Moore Haven & Clewiston Ry., 647.

Pensacola, Mobile & New Orleans Ry. Co., application for loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Gulf Ports Terminal Ry. Loan, 421.

Potato Creek R. R. Co., certificate of public convenience and necessity authorizing the construction of an extension in Potter and McKean counties, Pa., which will make possible more efficient and economical operation, and the abandonment of a portion of such line which serves no useful purpose issued. Certificate to Potato Creek R. R., 636.

Tennessee R. R. Co., certificate of public convenience and necessity to construct a branch line of railroad in Campbell and Anderson counties, Tenn., for the handling of timber and coal, issued. Certificate to Tennessee R. R., 654.

Wisconsin & Michigan R. R. Co., certificate of public convenience and necessity issued authorizing applicant to rebuild and operate a line of railroad in Dickinson county, Mich. Rehabilitation will make it possible once more to operate the entire line from Bagley Junction, Wis., to Iron Mountain, Mich., and the traffic expected to accrue to the applicant will not prove unduly detrimental to the interests of other carriers. Restoration Application of Wisconsin & Michigan R. R., 476.

NOTES.

- Ann Arbor R. R. Co.**, authority for issue of equipment notes, the proceeds to be used in procurement of two switching locomotives, granted. Notes of Ann Arbor R. R. 191.
- Ashland Coal & Iron Ry. Co.**, authority to issue promissory notes for purpose of refunding certain other short term notes, granted. Note Issue of Ashland Coal & Iron Ry., 94.
- Baltimore & Ohio R. R. Co.**, authority to issue conditional sale purchase notes in conditional purchase of equipment under the terms of a contract entered into, pursuant to a certain equipment trust, conditional sale basis; to assume liability as guarantor in respect of an obligation to the United States for a loan on account of said equipment; and to pledge refunding and general mortgage bonds as security in part for the performance of obligations under said equipment trust, granted. Bonds of Baltimore & Ohio R. R. Co., 599.
- Chesapeake & Ohio Ry. Co.**, authority to guarantee a promissory note of the Louisville & Jeffersonville Bridge & R. R. Co., as part security for a loan from the United States to the latter named road, granted. Notes of Chesapeake & Ohio Ry., 767.
- Chicago & North Western Ry. Co.**, authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Chicago & North Western Ry., 793.
- Chicago & Western Indiana R. R. Co.**, authority to issue collateral-trust sinking-fund gold bonds under a certain collateral-trust agreement, and to pledge first and refunding mortgage gold bonds as security therefor; to issue collateral-trust gold notes under a certain collateral trust agreement and to pledge refunding mortgage gold bonds as security therefor; and to pledge first and refunding mortgage gold bonds with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Chicago & Western Indiana R. R., 230.
- Chicago, Indianapolis & Louisville Ry. Co.**, authority to issue promissory notes and to assume payment of other promissory notes with which to make payments in conformity with a contract entered into for the purchase of certain real estate and freight yard facilities, granted. Chicago, Indianapolis & Louisville Notes, 326.
- Chicago, Milwaukee & St. Paul Ry. Co.**, authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Chicago, Milwaukee & St. Paul Ry. Co., 795.
- Cincinnati Northern R. R. Co.**, authority to issue a promissory note, the proceeds to be used for additions and betterments to existing equipment and way and structures, granted. Notes of Cincinnati Northern R. R., 568.
- Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:**
 Authority to issue promissory notes, payable for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; to issue refunding and improvement mortgage bonds, and to pledge same as security; and to assume obligations and liabilities as indorser and guarantor in respect of a certain note, granted. Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549.

NOTES—Continued.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.—Continued.

Authority to guarantee a promissory note of the Louisville & Jeffersonville Bridge & R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Cleveland, Cincinnati, Chicago & St. Louis Ry., 764.

Federal Valley R. R. Co., authority to issue promissory notes in payment of the purchase price of one locomotive and one caboose, granted. Notes of Federal Valley R. R., 628.

Indiana Harbor Belt R. R. Co., authority granted to issue demand promissory notes to supply funds for current expenses, which notes are required to be paid out of earnings within two years from date of order, or out of proceeds of settlement under the guaranty provisions of section 209 of the transportation act, 1920, if the same shall be made within that time. Indiana Harbor Belt R. R. Notes, 362.

Jacksonville Terminal Co., authority to issue from time to time promissory notes in renewal of certain outstanding promissory notes for like amounts, granted. Jacksonville Terminal Notes, 415.

Kanawha & Michigan Ry Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures and for rebuilding equipment, granted. Note of Kanawha & Michigan Ry., 562.

Kansas, Oklahoma & Gulf Ry. Co., authority to issue cumulative income bonds, to be issued under and secured by a certain mortgage and deed of trust; to issue preferred capital stock; to issue common capital stock; and to issue equipment-trust notes in procurement of equipment, granted. Notes of Kansas, Oklahoma & Gulf Ry., 672.

Lake Erie & Western R. R. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to existing equipment and way and structures, granted. Note of Lake Erie & Western R. R., 565.

Long Island R. R. Co., authority to execute and deliver an agreement with certain vendors and trustees, and a certain agreement of lease and agreement of assignment of lease by which applicant obligates itself to pay equipment-trust certificates and attached dividend warrants to be issued thereunder by said trustees, and to make and deliver to said trustees unsecured notes, to be applied to procurement of equipment set forth in said lease, granted. Equipment Trust of Long Island R. R. Co., 144.

Louisiana & Arkansas Ry. Co., authority for the issue of equipment notes under an equipment-trust agreement with the Guaranty Trust Co. of New York, granted. Note Issue of Louisiana & Arkansas Ry. Co., 122.

Marion & Rye Valley Ry. Co., authority to assume obligation to indorse and guarantee payment of principal and interest of a note by the Virginia Southern R. R. Co. to the Secretary of the Treasury as security for a loan from the United States to the latter named road, granted. Notes of Marion & Rye Valley Ry., 778.

Michigan Central R. R. Co.:

Authority to issue promissory notes for a loan, the proceeds to be used in procurement of new equipment and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; and to issue refunding and improvement mortgage bonds and pledge same as security for the last-named note, granted. Bonds of Michigan Central R. R., 544.

NOTES—Continued.

Michigan Central R. R. Co.—Continued.

Authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter-named carrier, granted. Notes of Michigan Central R. R., 790.

Minneapolis & St. Louis R. R. Co.:

Authority to issue promissory notes, payable to the Union Refrigerator Transit Co., in part payment for refrigerator cars to be purchased from said company, granted. Note of Minneapolis & St. Louis R. R., 522.

Authority to issue promissory notes in connection with the purchase of passenger locomotives, granted. Notes of Minneapolis & St. Louis R. R., 658.

Missouri, Kansas & Texas Ry. Co. of Texas, authority to issue receiver's equipment notes under a certain agreement of conditional sale and indenture of lease, proceeds thereof to be used solely in the procurement of equipment, granted. Missouri, Kansas & Texas R. R. Notes, 340.

New Orleans, Texas & Mexico Ry Co., authority to issue promissory notes, to execute an agreement for the purchase of locomotives from the War Department, to issue first-mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan, and to issue noncumulative income bonds, and approval given for the delivery of voting-trust certificates representing equal amount of capital stock, to comply with the plan and agreement of reorganization under which applicant was organized, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 682.

New York Central R. R. Co., authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter-named road, granted. Notes of New York Central R. R., 787.

New York, New Haven & Hartford R. R. Co., authority to issue promissory notes, the proceeds thereof to be used to reimburse applicant's treasury for moneys advanced to obtain equipment under proposed equipment-trust agreement, and to issue and pledge equipment-trust notes to be pledged as security for said promissory notes and for a loan from the United States, granted. New York, New Haven & Hartford Notes, 289.

Norfolk & Portsmouth Belt Line R. R. Co.:

Authority to issue a short-term promissory note in order to renew a note formerly issued and falling due, granted. Note Issue of Norfolk & Portsmouth Belt Line R. R., 111.

Authority to issue promissory notes, the proceeds to be used for bulk-heading its property and dredging, and for the payment for rail and accessories needed for maintaining tracks, granted. Note Issue of Norfolk & Portsmouth Belt Line R. R., 129.

Pittsburgh & Lake Erie R. R. Co.:

Authority to issue promissory notes in renewal of certain other promissory notes, granted. Note Issue of Pittsburgh & Lake Erie R. R., 117.

Authority to issue a promissory note to the Western Transit Co., to be secured by pledge of certain bonds and to be given in renewal of a certain promissory note; and to issue unsecured promissory notes in renewal of certain other notes, granted. Note Issue of Pittsburgh & Lake Erie R. R. Co., 119.

NOTES—Continued.

Richmond, Fredericksburg & Potomac R. R. Co., authority to indorse and negotiate demand notes of the Richmond Terminal Ry. Co., the proceeds to be used for payment in part of back pay due employees under award of the Railroad Labor Board, granted. Notes of Richmond, Fredericksburg & Potomac R. R., 215.

Richmond Terminal Ry. Co., authority to issue promissory notes, the proceeds to be used for the purpose of liquidating interest that accrued during period of construction, and to provide a working fund to care for its pay roll and miscellaneous accounts, pending collections from tenants, granted. Notes of Richmond Terminal Ry., 753.

Salt Lake & Utah R. R. Co., application for loan to meet equipment notes, granted in part. Loan to Salt Lake & Utah R. R., 8.

Seaboard Air Line Ry. Co., authority to issue extended secured gold notes under a proposed collateral trust agreement, secured by a pledge of first and consolidated mortgage gold bonds; to issue first and consolidated mortgage gold bonds and pledge them as part security for either the gold notes or for a loan from the United States; to pledge with the Secretary of the Treasury, as security for a loan from the United States, of first and consolidated mortgage gold bonds, preferred and common capital stock of the applicant and capital stock of the Fruit Growers' Express Co.; and to pledge said first and consolidated mortgage gold bonds with certain banks as security for three renewal notes, granted. Bonds of Seaboard Air Line Ry., 182.

Texas & Pacific Ry. Co., authority to issue receivers' equipment notes in part payment for equipment under the terms of a certain agreement of conditional sale and indenture of lease, granted. Texas & Pacific Ry. Notes, 344.

Toledo & Ohio Central Ry. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures, granted. Note of Toledo & Ohio Central Ry., 565.

Trans-Mississippi Terminal R. R. Co., Texas & Pacific Ry. Co. and receivers, and Missouri Pacific R. R. Co., authority to enter into a contract extending the maturity date of gold notes, heretofore extended by a predecessor of the Trans-Mississippi Terminal R. R. Co., and the assumption of obligation or liability in respect to said notes as guarantors by indorsement of the same by the Texas & Pacific Ry. Co. and receivers, and the Missouri Pacific R. R. Co., granted. Trans-Mississippi Terminal Notes, 450.

Union Terminal Co., authority granted for execution of contracts extending maturity dates of certain 5 per cent unsecured notes, with interest at rate of 6 per cent per annum. Union Terminal Unsecured Notes, 286.

Virginia Blue Ridge Ry., authority to issue promissory notes, for purpose of taking up an existing promissory note, granted. Note of Virginia Blue Ridge Ry., 180.

Virginia Southern R. R. Co., authority to issue promissory notes payable to the order of the First National Bank of Richmond, Va., and to issue first mortgage gold bonds, and to pledge a part of same as security for a loan from the United States, and the remainder as security for a note to said First National Bank, granted. Notes and Bonds of Virginia Southern R. R., 760.

Western Maryland Ry. Co.:

Authority to issue secured gold notes and first and refunding mortgage bonds as collateral security for secured gold notes and convertible therefor, granted. Note and Bond Issue of Western Maryland Ry., 83.

NOTES—Continued.

Western Maryland Ry. Co.—Continued.

Authority to issue marine-equipment gold notes under a certain proposed agreement of conditional sale, and to sell the same at not less than par and accrued interest, for purpose of obtaining funds to cover the construction and delivery of a steel car float, granted. Notes of Western Maryland Ry., 717.

Zanesville & Western Ry. Co., authority to issue promissory notes, the proceeds to be used for additions and betterments to way and structures, granted. Note of Zanesville & Western Ry., 559.

OPTION.

Maxton, Alma & Southbound R. R. Co., application for loan to enable applicant to exercise an option for purchase of leased rail, denied. Public necessity for applicant's line is relatively small and prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay or afford reasonable protection. Maxton, Alma & Southbound Loan, 302.

OVERCAPITALIZATION.

Kansas City, Mexico & Orient R. R. Co., failure to discharge outstanding receiver's certificates and thus "clear title to the property" might result in a receiver's sale, but such a sale might well prove of benefit to the operation of the property by scaling down the present top-heavy capitalization. Kansas City, Mexico & Orient R. R. Loan, 36 (40).

PASSENGER LOCOMOTIVES. *See* LOCOMOTIVES.

PENSACOLA, MOBILE & NEW ORLEANS RY. CO.

A short line, found to be a common carrier subject to the Interstate commerce act. *C., N. O. & T. P. Ry. v. I. C. C.*, 162 U. S., 184, and other cases cited. Gulf Ports Terminal Ry. Loan, 421 (423).

PLANT FACILITY.

Coon Bayou & Arkansas City Ry. Co., certificate of public convenience and necessity for the construction of a new line of railroad in Desha county, Ark., denied, as such line is not for the benefit of the public but for a plant facility alone. Certificate of Coon Bayou & Arkansas City Ry., 701.

POWER OF COMMISSION. *See* JURISDICTION.PREFERRED STOCK. *See* STOCKS.

PRIVATE CAPITAL.

In General:

Contributions of, to meet the loans of the government should be obtained at reasonable interest charges. These funds will be invested for the purpose of gaining the indirect benefits which will accrue if carriers are enabled better to meet the transportation needs of the country. It should be possible to obtain these contributions in part from shippers who are suffering from inadequate transportation and a proper spirit of cooperation should make it possible to secure private funds at rates not in excess of the rate which the government itself accepts. Principles to be Observed in Recommending Loans, 12 (15).

One of the prerequisites to the making of loans to carriers under section 210 of the transportation act, 1920, is the finding by the Commission that the applicants are unable to provide themselves with the necessary funds from other sources. Southern Pacific Co. Loan, 365 (366).

PRIVATE CAPITAL--Continued.

Southern Pacific Co., application for loan to aid in providing new equipment denied as necessary showing not made that applicant is unable to provide itself with funds from other sources. Southern Pacific Co. Loan, 365.

PRIVATE OPERATION.

St. Joseph Belt Ry., found not to have been under private operation, within the meaning of section 204 of the transportation act, 1920, during any portion of the federal control period. Section 14 of the federal control act set a general limit upon federal control and named three methods by which such control might be earlier terminated and none of these processes were employed. St. Joseph Belt Ry. Certificate, 443.

PROFIT SHARING STOCK. *See* STOCKS.

PROMISSORY NOTES. *See* NOTES.

PUBLIC CONVENIENCE AND NECESSITY. *See* CONVENIENCE AND NECESSITY.

PUBLIC INTEREST.

Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon the Commission the duty of determining whether or not the conditions of section 5 of the interstate commerce act, have been or will be fulfilled and the proposed arrangement is in the public interest. Lease of Valley Terminal Ry., 105 (109).

RECEIVER'S CERTIFICATES.

In General: Clearing title by the discharge of receiver's certificates and the payment of fixed charges of the carrier here under consideration would be of great benefit to the security holders, but it is not apparent that the failure to do these things should or would prevent the proper service to the public which the roads are now capable of giving. Kansas City, Mexico & Orient R. R. Loan, 36 (42).

Fort Smith & Western R. R. Co., authority for the issue of receiver's certificates, and to pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Ft. Smith & Western Certificate, 456.

Kansas City, Mexico & Orient R. R. Co.:

Authority to issue, in order to pay for coal and other supplies necessary for continued operation, granted. Certificates of Kansas City, Mexico & Orient R. R., 193.

Upon reconsideration, application for loan to the receiver of, to meet maturing indebtedness consisting of receiver's certificates, granted. Former report 65 I. C. C., 36. Kansas City, Mexico & Orient R. R. Loan, 265.

Authority to issue a receiver's certificate, and to pledge same with the the Secretary of the Treasury as security for a loan from the United States, granted. Kansas City, Mexico & Orient's Certificate Issue, 283.

Paris & Mount Pleasant R. R. Co., authority for issue of, to enable receiver to place the road in shape for safe and economical operation by making necessary repairs to roadway, station buildings, and equipment, granted. Certificates of Paris & Mount Pleasant R. R., 153.

RECEIVER'S NOTES. *See* NOTES.

RECEIVER'S SALE.

Failure to discharge outstanding receiver's certificates, and thus "clear title to the property" might result in a receiver's sale, but such a sale might well prove of benefit to the operation of the property herein under consideration by scaling down the present top heavy capitalization. Kansas City, Mexico & Orient R. R. Loan, 36 (40).

RECONSTRUCTION.

Aransas Harbor Terminal Ry., application for a loan from the United States to enable it to reconstruct a portion of its road which was so badly damaged by a hurricane as to make it necessary to reconstruct its main line, granted in part. Aransas Harbor Terminal Ry. Loan, 20.

Wisconsin & Michigan R. R. Co., certificate of public convenience and necessity issued authorizing applicant to rebuild and operate a line of railroad in Dickinson county, Mich. Rehabilitation will make it possible once more to operate the entire line from Bagley Junction, Wis., to Iron Mountain, Mich., and the traffic expected to accrue to the applicant will not prove unduly detrimental to the interests of other carriers. Restoration Application of Wisconsin & Michigan R. R., 476.

REFRIGERATOR EQUIPMENT.**In General:**

The Commission can not undertake the formation of an equipment corporation or corporations, but upon presentation of a definite, well matured, and workable plan capable of application in the immediate future, it will give preferred consideration to applications for loans to or for the purpose of such corporation. It is both desirable and practicable to devise such a plan in the case of refrigerator equipment, and the Commission particularly commends this matter to the attention of the railroad executives. Principles to be Observed in Recommending Loans, 12.

Apportionment of \$75,000,000 for freight cars will be used primarily to aid in the acquisition of 20,000 refrigerator cars. Method of allotment and preferences, outlined. Id. (12-13).

Minneapolis & St. Louis R. R. Co., authority to issue promissory notes and payable to the Union Refrigerator Transit Co., in part payment for refrigerator cars to be purchased from said company, granted. Note of Minneapolis & St. Louis R. R., 522.

Seaboard Air Line Ry. Co., loan to assist in acquiring, granted. Loan to Seaboard Air Line Ry., 163.

REHABILITATION. See Reconstruction.**REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL.**

In General: It was apparently recognized by the Congress that short-line railroads, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such short lines as had suffered deficits in railway operating income while under private operation during federal control. St. Joseph Belt Ry. Certificate, 433 (447).

Atlanta & St. Andrews Bay Ry. Co., amount payable to, under the provisions of section 204 of the transportation act, 1920, in reimbursement of deficit during federal control ascertained, from which no amount is deductible on account of traffic balances and other indebtedness due the President (as operator of the transportation systems under federal control). Final Settlement with Atlanta & St. Andrews Bay Ry. Co., 626.

REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL—Contd.

Fourche River Valley & Indian Territory Ry. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Fourche River Valley & Indian Territory Ry., 708.

Little Cottonwood Transportation Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

Monson R. R. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Monson R. R., 781.

RELINQUISHMENT FROM FEDERAL CONTROL.

In General: It was apparently recognized by Congress that short-line railroads, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such short lines as had suffered deficits in railway operating income while under private operation, during federal control. St. Joseph Belt Ry. Certificate, 443 (447).

St. Joseph Belt Ry., found not to have been under private operation, within the meaning of section 204 of the transportation act, 1920, during any portion of the federal-control period. Section 14 of the federal control act set a general limit upon federal control and named three methods by which such control might be earlier terminated and none of these processes were employed. St. Joseph Belt Ry. Certificate, 443.

REPAIRS. See ADDITIONS AND BETTERMENTS.

RESTORATION OF ABANDONED LINE. See RECONSTRUCTION.

RETIREMENT OF BONDS. See BONDS.

RETURN ON INVESTMENT.

In General: The construction of a proposed line could not be justified, either as an independent short line or purely as a branch line, solely on a record showing estimated earnings of 1.3 per cent for the first five years and 3.5 per cent thereafter on an unusually high estimated cost of nearly \$4,000,000 for a proposed 43.5 mile construction, the apparent convenience and benefit to the surrounding territory notwithstanding. Union Pacific R. R. Certificate, 382, (383).

Union Pacific R. R. Co., certificate of convenience and necessity issued authorizing extension of its line in Scotts Bluff county, Nebr., and Goshen county, Wyo., and due to the uncertainty of adequate return during the first few years of operation, such carrier permitted to retain all of its earnings derived from such extension for a period not to exceed 10 years. Union Pacific R. R. Certificate, 382.

REVENUE. See EARNINGS.

ROADWAY. See WAY AND STRUCTURES.

SALARIES. See WAGES.

SALE. See RECEIVER'S SALE.

SECTION 5.

In section 5 of the interstate commerce act Congress provided a complete scheme of regulation of contracts or other arrangements whereby one common carrier subject to the act might secure control of another such carrier, either by consolidation into one corporation, or in some manner not involving such consolidation, or by entering into any agreement for the pooling of freight or earnings with a competing railroad. Lease of Valley Terminal Ry., 105.

Congress intended to permit unified operation, even if involving the elimination of competition, where this would be in the public interest, and provided for a modification of the antitrust laws to the extent necessary to effect this purpose, stating certain prerequisites, and imposing upon the Commission the duty of determining whether or not the conditions of section 5 of the interstate commerce act have been or will be fulfilled and the proposed arrangement is in the public interest. *Id.* (109).

SECTION 20a.

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to the Commission's jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon the Commission to authorize the issue of securities by such carriers, and it is provided therein that a carrier may issue securities and assume obligations or liabilities without securing approval other than from the Commission. Bonds of New York Central, 534 (539); Bonds of Michigan Central R. R., 544 (546); Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549 (552); Note of Toledo & Ohio Central Ry., 556 (557); Note of Zanesville & Western Ry., 559 (560); Note of Kahawha & Michigan Ry., 562 (563); Note of Lake Erie & Western R. R., 565 (566); Note of Cincinnati Northern R. R., 568 (569).

Paragraph 2 of section 20a of the interstate commerce act provides that it shall be unlawful for a carrier by railroad to issue securities, even though permitted by the authority creating it, unless and until, and then only to the extent that, the Commission authorizes such issue. Any security for the issue of which the Commission's authority is required is void if issued without said authority having been first obtained. Bonds of New York Central, 534 (539); Bonds of Michigan Central R. R., 544 (546); Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549 (552); Note of Toledo & Ohio Central Ry., 556 (557); Note of Zanesville & Western Ry., 559 (560); Note of Kanawha & Michigan Ry., 562 (563); Note of Lake Erie & Western R. R., 565 (566); Note of Cincinnati Northern R. R., 568 (569).

The delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of a first-lien and refunding mortgage, involves an issue of securities within the meaning of section 20a of the interstate commerce act. Bonds of Union Pacific R. R., 735 (736); Bonds of Oregon-Washington R. R. & Nav. Co., 739 (740).

SECURITIES.**In General:**

While the law does not prohibit a conditional sale, subject to the Commission's authorization, in advance of approval of an issue of securities, carriers should realize that the Commission shall not be controlled in its action by representations that failure to accord approval of issues conditionally sold will result in disturbance or

SECURITIES—Continued.

In General—Continued.

disarrangement of plans based upon anticipated approval. Bonds of New York Central R. R., 172 (173).

It is well settled that common carriers by railroad engaged in interstate commerce, although organized and existing as state corporations, are nevertheless subject to the Commission's jurisdiction. Paragraph 7 of section 20a of the interstate commerce act confers exclusive and plenary jurisdiction upon the Commission to authorize the issue of securities by such carriers, and it is provided therein that a carrier may issue securities and assume obligations or liabilities without securing approval other than from the Commission. Bonds of New York Central, 534 (539); Bonds of Michigan Central R. R., 544 (546); Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549 (552); Note of Toledo & Ohio Central Ry., 556 (557); Note of Zanesville & Western Ry., 559 (560); Note of Kanawha & Michigan Ry., 562 (563); Note of Lake Erie & Western R. R., 565 (566); Note of Cincinnati Northern R. R., 568 (569).

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The delivery of dollar bonds in exchange for sterling bonds, in pursuance of the terms of a first-lien and refunding mortgage, involves an issue of securities within the meaning of section 20a of the interstate commerce act. Bonds of Union Pacific R. R., 735 (736); Bonds of Oregon-Washington R. R. & Nav. Co., 789 (740).

Contention that as applicant is a railroad corporation organized and existing under the laws of certain states the Commission has no jurisdiction; that the issue of securities by the applicant does not involve a federal question; and that the applicant, not being a federal corporation or creature of the federal government, is not answerable to the federal government in any degree, so far as its security issues is concerned, *Held*: Commission has jurisdiction. Notes of Cleveland, Cincinnati, Chicago & St. Louis Ry., 764 (765); Notes of New York Central R. R.; 787 (789); Notes of Michigan Central R. R., 790 (791).

Ann Arbor R. R. Co., authority for issue of short-term notes, the proceeds to be used in procurement of two switching locomotives, granted. Notes of Ann Arbor R. R., 191.

Ashland Coal & Iron Ry. Co., authority to issue promissory notes for purpose of refunding certain other short-term notes, granted. Note Issue of Ashland Coal & Iron Ry., 94.

SECURITIES—Continued.**Atchison, Topeka & Santa Fe Ry. Co.:**

Authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with terms of a certain indenture, granted. Stock Issue of Atchison, Topeka & Santa Fe Ry., 76.

Authority for issue of first and refunding mortgage bonds, to cover an increase in the face amount of bonds issued under a certain agreement, granted. Atchison, Topeka & Santa Fe. Bonds, 329.

Atlantic Coast Line R. R. Co., authority to enter into an agreement, under which specified equipment will be held in trust for the benefit of the holders of trust certificates to be issued thereunder; to enter into a lease covering the equipment; and by said agreement and lease to assume obligation or liability to pay, as rental for, and on account of the purchase price of, the equipment (title to which will ultimately be acquired by the applicant) sums sufficient to pay the principal of the certificates, dividends thereon and certain other charges, granted. Agreement of Atlantic Coast Line R. R., 571.

Baltimore & Ohio & Chicago R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Baltimore & Ohio R. R. Co.:

Authority to nominally issue and hold in its treasury refunding and general mortgage bonds; to issue and pledge certain refunding gold bonds as additional collateral security to its refunding and general mortgage bonds; and to issue and pledge certain first mortgage gold bonds as additional collateral security for certain refunding gold bonds, granted. Bonds of Baltimore & Ohio R. R., 588.

Authority granted to subsidiaries to issue and deliver their bonds to, in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Authority to issue conditional sale purchase notes in conditional purchase of equipment under the terms of a contract entered into, pursuant to a certain equipment trust, conditional sale basis; to assume liability as guarantor in respect of an obligation to the United States for a loan on account of said equipment; and to pledge refunding and general mortgage bonds as security in part for the performance of obligations under said equipment trust, granted. Bonds of Baltimore & Ohio R. R., 599.

Authority to issue refunding and general mortgage bonds, and to exchange the same for an equivalent amount of refunding and general mortgage bonds, and to pledge refunding and general mortgage bonds with the Director General of Railroads as security to fund balance due to the United States growing out of the operation of its property during federal control, granted. Bonds of Baltimore & Ohio R. R., 704.

Authority to nominally issue and hold in its treasury refunding and general mortgage bonds, granted. Bonds of Baltimore & Ohio R. R., 720.

Baltimore & Ohio R. R. Co., in Pennsylvania, a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that

SECURITIES—Continued.

- carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Baltimore & Ohio Southwestern R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Baltimore & Philadelphia R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Bangor & Aroostook R. R. Co., authority to execute and deliver a certain agreement, and agreement of lease, and to obligate itself to pay prior-lien and deferred-lien equipment trust certificates and attached dividend warrants, toward the procurement of certain equipment; for the sale of said prior-lien certificates and the application of the proceeds toward the purchase of certain equipment; and to pledge said deferred lien certificates, together with certain bonds, with the Secretary of the Treasury for a loan, granted. Equipment Trust of Bangor & Aroostook R. R., 628.
- Boston & Maine R. R. :
Authority for the issue of bonds under a certain mortgage, for purpose of refunding certain bonds and notes, granted. Bonds of Boston & Maine R. R., 213.
Authority to issue mortgage bonds, to be sold or exchanged at not less than par for the purpose of retiring certain maturing bonds, granted. Bonds of Boston & Maine R. R., 585.
- Carolina, Clinchfield & Ohio Ry., authority to issue cumulative income debentures, under a certain agreement, the proceeds to be applied to the payment, discharge, and cancellation of short-term notes and acceptances maturing on demand and to the payment and discharge of such other current indebtedness as may be met by the balance, granted. Debentures of Carolina, Clinchfield & Ohio Ry., 603.
- Central of Georgia Ry. Co. :
Authority to procure authentication and delivery of refunding and general mortgage bonds, under and pursuant to a certain mortgage, and/or to pledge or repledge from time to time, part or all of said bonds, when, and as necessary, as security in whole or in part, for advances or loans, or for notes, the issue of which is required to be reported to the Commission in certificates of notification, granted. Bonds of Central of Georgia Ry., 697.
Authority to enter into a proposed equipment-trust agreement, under which certain equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into a separate agreement of lease covering said equipment; and to assume obligation or liability as guarantor by indorsement for the payment of the principal and dividends of said trust certificates, granted. Equipment-Trust Agreement of Central of Georgia Ry., 773.
- Central Vermont Ry. Co. :
Authority for the issue of refunding-mortgage gold bonds for purpose of retiring a like amount of first-mortgage gold bonds in accordance with a certain trust indenture, granted. Bond Issue of Central Vermont Ry., 126.

SECURITIES—Continued.

Central Vermont Ry. Co.—Continued.

Authority to issue refunding mortgage gold bonds to pay and satisfy in full an equal amount of indebtedness to the Grand Trunk Ry. Co. of Canada, granted. Bonds of Central Vermont Ry., 473.

Chesapeake & Ohio Ry. Co.:

Authority to enter into a proposed equipment-trust agreement, under which said equipment will be held in trust for the benefit of holders of trust certificates to be issued thereunder; to enter into separate agreement of lease covering said equipment; and to assume obligation or liability, as guarantor by indorsement, for the payment of the principal and dividends of said trust certificates, granted. Agreement of Chesapeake & Ohio Ry., 469.

Authority to procure the authentication and delivery by the corporate trustee of first lien and improvement mortgage bonds, and to pledge part of said bonds together with others now held in applicant's treasury as part security for a loan from the United States, granted. Bonds of Chesapeake & Ohio Ry., 613.

Authority to issue from time to time common capital stock, and to exchange said stock for convertible secured gold bonds at certain specified rates, granted. Bonds of Chesapeake & Ohio Ry., 743.

Authority to guarantee a promissory note of the Louisville & Jeffersonville Bridge & R. R. Co., as part security for a loan from the United States to the latter named road, granted. Notes of Chesapeake & Ohio Ry., 767.

Chicago & North Western Ry. Co., authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Chicago & North Western Ry., 793.

Chicago & Western Indiana R. R. Co., authority to issue collateral-trust sinking-fund gold bonds under a certain collateral-trust agreement, and to pledge first and refunding mortgage gold bonds as security therefor; to issue collateral-trust gold notes under a certain collateral trust agreement and to pledge refunding mortgage gold bonds as security therefor; and to pledge first and refunding mortgage gold bonds with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Chicago & Western Indiana R. R., 230.

Chicago, Indianapolis & Louisville Ry. Co., authority to issue promissory notes and to assume payment of other promissory notes with which to make payments in conformity with a contract entered into for the purchase of certain real estate and freight-yard facilities, granted. Chicago, Indianapolis & Louisville Notes, 326.

Chicago, Milwaukee & St. Paul Ry. Co., authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Chicago, Milwaukee & St. Paul Ry. Co., 795.

Chicago, Rock Island & Pacific Ry. Co., authority to issue and pledge general-mortgage gold bonds and to issue first and refunding mortgage gold bonds, to be held in the treasury of applicant, granted. Bonds of Chicago, Rock Island & Pacific Ry., 238; 430.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to sell equipment-trust certificates heretofore issued and now in the treasury of the applicant; to assume the obligation of paying principal and interest of

SECURITIES—Continued.

- equipment-trust certificates, to be issued under an equipment-trust agreement, by execution of lease of certain equipment; and to sell such last-named equipment-trust certificates, granted. Chicago, St. Paul, Minneapolis & Omaha Certificates, 308.
- Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Bonds of Cincinnati, New Orleans & Texas Pacific Ry., 581.
- Cincinnati Northern R. R. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to roadway and structures and to equipment, granted. Note of Cincinnati Northern R. R., 568.
- Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.:
- Authority to issue promissory notes, payable for a loan, the proceeds to be used in procurement of new equipment and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; to issue refunding and improvement mortgage bonds, and to pledge same as security; and to assume obligations and liabilities as indorser and guarantor in respect of a certain note, granted. Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549.
 - Authority to guarantee a promissory note of the Louisville & Jeffersonville Bridge & R. R. Co., as part security for a loan from the United States to the latter named carrier, granted. Notes of Cleveland, Cincinnati, Chicago & St. Louis Ry., 764.
- Delaware & Hudson Co., authority for the issue of first and refunding mortgage gold bonds in accordance with the terms of a certain mortgage; to pledge part of these bonds with the Secretary of the Treasury as security for a loan from the United States; and to hold the remainder in the treasury of the applicant available for disposal as may hereafter be authorized, granted. Delaware & Hudson Bonds, 347.
- Elgin, Joliet & Eastern Ry. Co., authority to issue equipment-trust bonds to be secured by a certain equipment-trust agreement, to be used in procurement of box cars and switching engines, granted. Elgin, Joliet & Eastern Bonds, 418.
- Erie R. R. Co., authority to enter into contracts with holders of certain bonds issued by predecessor companies, extending dates of maturities of said bonds for 10 years, granted. Extension Contract of Erie R. R., 131.
- Fairmont, Morgantown & Pittsburgh R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 585; 720.
- Federal Valley R. R. Co., authority to issue promissory notes in payment of the purchase price of one locomotive and one caboose, granted. Notes of Federal Valley R. R., 623.
- Fort Smith & Western R. R. Co., authority for the issue of receiver's certificates; and to pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Ft. Smith & Western Certificate, 456.

SECURITIES—Continued.

Gulf, Mobile & Northern R. R. Co., authority to issue first mortgage gold bonds, under the terms of a certain proposed mortgage; to pledge and repledge part thereof as security for promissory notes to be given in renewal of certain outstanding bank loans; part with the Secretary of the Treasury as security for a loan from the United States; part as security for an indebtedness to the United States to be funded by the Director General; and to hold part thereof in the applicant's treasury, to be pledged from time to time to secure short-term notes, for the issue of which the authority of the Commission is not required, granted. **Gulf, Mobile & Northern Bonds**, 390.

Illinois Central R. R. Co., authority to execute and deliver certain agreements and to assume obligations to pay equipment trust certificates and attached dividend warrants toward the procurement of certain equipment; to sell said trust certificates; and for the application of the proceeds toward the purchase of certain equipment, granted. **Illinois Central R. R. Trust**, 313.

Indiana Harbor Belt R. R. Co.:

Authority granted to issue demand promissory notes to supply funds for current expenses, which notes are required to be paid out of earnings within two years from date of order, or out of proceeds of settlement under the guaranty provisions of section 209 of the transportation act, 1920, if the same shall be made within that time. **Indiana Harbor Belt R. R. Notes**, 362.

Authority to issue general mortgage bonds and to pledge same with the Secretary of the Treasury as security for a loan, granted. **Bonds of Indiana Harbor Belt R. R. Co.**, 784.

Jacksonville Terminal Co., authority to issue from time to time promissory notes in renewal of certain outstanding promissory notes for like amounts, granted. **Jacksonville Terminal Notes**, 415.

Kanawha & Michigan Ry. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to roadway and structures and for rebuilding equipment, granted. **Note of Kanawha & Michigan Ry.**, 562.

Kansas City, Mexico & Orient R. R. Co.:

Authority to issue receiver's certificates in order to pay for coal and other supplies necessary for continued operation, granted. **Certificates of Kansas City, Mexico & Orient R. R.**, 193.

Authority to issue a receiver's certificate; and to pledge same with the Secretary of the Treasury as security for a loan, granted. **Kansas City, Mexico & Orient's Certificate Issue**, 283.

Kansas, Oklahoma & Gulf Ry. Co., authority to issue cumulative income bonds, to be issued under and secured by a certain mortgage and deed of trust; to issue preferred capital stock, common capital stock, and equipment-trust notes in procurement of equipment, granted. **Notes of Kansas, Oklahoma & Gulf Ry.**, 672.

Lake Erie & Western R. R. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to roadway and structures and to equipment, granted. **Note of Lake Erie & Western R. R.**, 565.

Lehigh & Hudson River Ry. Co., authority to issue and sell additional capital stock at not less than par, the proceeds to be used to retire bonds issued under a certain mortgage, and others under a certain trust

SECURITIES—Continued.

- agreement, granted. Retirement of Bonds by Lehigh & Hudson River Ry., 520.
- Louisiana & Arkansas Ry. Co., authority for the issue of equipment-trust notes under an equipment-trust agreement with the Guaranty Trust Co. of New York, granted. Note Issue of Louisiana & Arkansas Ry. Co., 122.
- Louisville & Jeffersonville Bridge & R. R. Co., authority to issue first mortgage gold bonds and to pledge same with the Secretary of the Treasury as security for a loan, granted. Bonds of Louisville & Jeffersonville Bridge R. R., 761.
- Maine Central R. R. Co., authority to issue first and refunding mortgage gold bonds; to pledge part of same with the Secretary of the Treasury as security for a loan for the financing of certain acquisitions of equipment, additions, and betterments; and part as security for a loan to redeem certain maturing bonds, granted. Maine Central R. R. Bonds, 304.
- Marion & Rye Valley Ry. Co., authority to assume obligation to indorse and guarantee payment of principal and interest of a note by the Virginia Southern R. R. Co. to the Secretary of the Treasury as security for a loan from the United States to the latter-named road, granted. Notes of Marion & Rye Valley Ry., 778.
- Michigan Central R. R. Co.:
- Authority to issue promissory notes, for a loan, the proceeds to be used in procurement of new equipment and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; and to issue refunding and improvement mortgage bonds and pledge same as security for the last-named note, granted. Bonds of Michigan Central R. R., 544.
 - Authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter-named carrier, granted. Notes of Michigan Central R. R., 790.
- Minneapolis & St. Louis R. R. Co.:
- Authority to issue promissory notes, payable to the Union Refrigerator Transit Co., in part payment for refrigerator cars to be purchased from said company, granted. Note of Minneapolis & St. Louis R. R., 522.
 - Authority to issue promissory notes in connection with the purchase of passenger locomotives, granted. Notes of Minneapolis & St. Louis R. R., 658.
- Missouri, Kansas & Texas Ry. Co. of Texas, authority to issue receiver's equipment notes under a certain agreement of conditional sale and indenture of lease, proceeds thereof to be used solely in the procurement of equipment, granted. Missouri, Kansas & Texas R. R. Notes, 340.
- Moore Haven & Clewiston Ry. Co., authority to issue first-mortgage coupon gold bonds under and pursuant to a certain mortgage, the proceeds to be used for construction purposes on a proposed line, granted. Bonds of Moore Haven & Clewiston Ry., 647.
- New Orleans, Texas & Mexico Ry. Co., authority to issue promissory notes; to execute an agreement for the purchase of locomotives from the War Department; to issue first-mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan; and to issue noncumulative income bonds, and approval given for the delivery of voting-trust certificates representing equal amount of capital stock, to comply with the

SECURITIES—Continued.

plan and agreement of reorganization under which applicant was organized, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 682. New York Central R. R. Co.:

Authority to issue collateral trust bonds in accordance with a certain trust agreement, and to issue refunding and improvement mortgage bonds, in accordance with certain mortgages, to be pledged as part of the security for said collateral-trust bonds, granted; provided, as conditions precedent, that the applicant's refunding and improvement mortgage bonds, now pledged as collateral security for collateral-trust notes, be released from pledge and canceled prior to or at the time of the issue of said bonds. Bonds of New York Central R. R., 172.

Authority to guarantee a promissory note of the Indiana Harbor Belt R. R. Co., as part security for a loan from the United States to the latter-named road, granted. Notes of New York Central R. R., 787.

Authority to issue refunding and improvement mortgage bonds, and to pledge same with the Secretary of the Treasury as security in part for a loan; to assume obligations and liabilities in respect of payment of principal and dividends of equipment-trust gold certificates, and to pledge same with the Secretary of the Treasury as security in part for a loan; and to assume obligations and liabilities as indorser and guarantor in respect of payment of principal and interest of promissory notes to be issued by subsidiary companies, and to pledge said notes with the Secretary of the Treasury as security in part for a loan, granted. Bonds of New York Central, 534.

Authority to issue refunding and improvement mortgage bonds, and to pledge them with the Director General of Railroads as security for a demand note for a like amount in payment of indebtedness to the United States for additions and betterments made during federal control, granted. Bonds of New York Central R. R., 714.

New York, New Haven & Hartford R. R. Co.:

Authority granted to issue promissory notes, the proceeds thereof to be used to reimburse applicant's treasury for moneys advanced to obtain equipment under proposed equipment-trust agreement, and to issue and pledge equipment-trust notes to be pledged as security for said promissory notes and for a loan from the United States. New York, New Haven & Hartford Notes, 289.

Authority to issue first and refunding mortgage gold bonds and to pledge all or part of same as security for note or notes to be issued by applicant; and to issue first and refunding mortgage gold bonds and pledge all or part of same as security for a loan or loans from the United States, granted. New York, New Haven & Hartford Bonds, 898.

Norfolk & Portsmouth Belt Line R. R. Co.:

Authority to issue a promissory note in order to renew a note formerly issued and falling due, granted. Note Issue of Norfolk & Portsmouth Belt Line R. R., 111.

Authority to issue promissory notes, the proceeds to be used for bulk-heading its property and dredging, and for the payment for rail and accessories needed for maintaining tracks, granted. Note Issue of Norfolk & Portsmouth Belt Line R. R., 129.

SECURITIES—Continued.

- Norfolk & Western Ry. Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with terms of certain indentures, granted. Norfolk & Western's Issuance of Stock, 63.
- Oregon-Washington R. R. & Nav. Co., authority to issue first and refunding mortgage bonds payable in dollars, in exchange for similar bonds which may be surrendered by the holders thereof, as provided in a certain first and refunding mortgage of the applicant, granted. Bonds of Oregon-Washington R. R. & Nav. Co., 739.
- Paris & Mount Pleasant R. R. Co., authority for issue of receiver's certificates to enable receiver to place the road in shape for safe and economical operation by making necessary repairs to roadway, station buildings, and equipment, granted. Certificates of Paris & Mount Pleasant R. R., 153.
- Peoria & Pekin Union Ry. Co., authority to extend the time of maturity of first mortgage and income or second mortgage bonds; to increase the rates of interest thereon; and to pledge the whole or any part of said bonds with the United States as security for the payment of any loan or loans that may be made to it, granted. Bonds of Peoria & Pekin Union Ry., 809.
- Pittsburgh & Lake Erie R. R. Co.:
- Authority to issue promissory notes in renewal of certain other promissory notes, granted. Note issue of Pittsburgh & Lake Erie R. R., 117.
 - Authority to issue a promissory note to the Western Transit Co., to be secured by pledge of certain bonds and to be given in renewal of a certain promissory note; and to issue unsecured promissory notes in renewal of certain other notes, granted. Note Issue of Pittsburgh & Lake Erie R. R. Co., 119.
 - Authority to execute an agreement with certain vendors and trustee, and a certain agreement of lease with such trustee, by which applicant obligates itself to pay equipment-trust gold certificates and attached dividend warrants to be issued thereunder by said trustee, granted. Equipment Trust of Pittsburgh & Lake Erie R. R., 159.
- Pittsburgh & Western R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Pittsburgh & West Virginia Ry. Co., acquisition of control of the West Side Belt R. R. Co., by purchase of its capital stock, approved and authorized. Pittsburgh & W. Va. Ry. Control of W. S. B. R., 124.
- Pittsburgh Junction R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.
- Richmond, Fredericksburg & Potomac R. R. Co., authority to indorse and negotiate demand notes of the Richmond Terminal Ry. Co., the proceeds to be used for payment in part of back pay due employees under award of the Railroad Labor Board, granted. Notes of Richmond, Fredericksburg & Potomac R. R., 215.
- Richmond Terminal Ry. Co., authority to issue promissory notes, the proceeds to be used for the purpose of liquidating interest that accrued during period of construction, and to provide a working fund to care for its payroll and miscellaneous accounts, pending collections from tenants, granted. Notes of Richmond Terminal Ry., 753.

SECURITIES—Continued.

Schuylkill River East Side R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Seaboard Air Line Ry. Co., authority granted to issue extended secured gold notes under a proposed collateral trust agreement, secured by a pledge of first and consolidated mortgage gold bonds; to issue first and consolidated mortgage gold bonds and pledge them as part security for either the gold notes or for a loan from the United States; to pledge with the Secretary of the Treasury, as security for a loan from the United States, of first and consolidated mortgage gold bonds, preferred and common capital stock of the applicant and capital stock of the Fruit Growers' Express Co.; and to pledge said first and consolidated mortgage gold bonds with certain banks as security for three renewal notes. Bonds of Seaboard Air Line Ry., 182.

Southern Pacific Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with the terms of a certain trust indenture, granted. Southern Pacific's Issuance of Stock, 18.

Southern Ry. Co., authority to issue development and general mortgage bonds, and to pledge the same with the Secretary of the Treasury as security in part for a loan from the United States, granted. Bonds of Southern Ry. Co., 616.

Texas & Pacific Ry. Co., authority to issue receivers' equipment notes in part payment for equipment under the terms of a certain agreement of conditional sale and indenture of lease, granted. Texas & Pacific Ry. Notes, 344.

Toledo & Ohio Central Ry. Co., authority to issue a promissory note, the proceeds to be used for additions and betterments to way and structures, granted. Note of Toledo & Ohio Central Ry., 565.

Trans-Mississippi Terminal R. R. Co., Texas & Pacific Ry. Co. and receivers, and Missouri Pacific R. R. Co., authority to enter into a contract extending the maturity date of gold notes, heretofore extended by a predecessor of the Trans-Mississippi Terminal R. R. Co., and the assumption of obligation or liability in respect to said notes as guarantors by indorsement of the same by the Texas & Pacific Ry. Co. and receivers, and the Missouri Pacific R. R. Co., granted. Trans-Mississippi Terminal Notes, 450.

Union Pacific R. R. Co., authority to issue first-lien and refunding mortgage bonds payable in dollars, in exchange of similar bonds which may be surrendered by the holders thereof, as provided in a certain first-lien and refunding mortgage of the applicant, granted. Bonds of Union Pacific R. R., 785.

Union Terminal Co., authority for execution of contracts extending maturity dates of certain 5 per cent unsecured notes, with interest at the rate of 6 per cent per annum, granted. Union Terminal Unsecured Notes, 286.

Virginia Blue Ridge Ry., authority to issue a four months' promissory note, granted. Note of Virginia Blue Ridge Ry., 180.

Virginia Southern R. R. Co., authority to issue promissory notes payable to the order of the First National Bank of Richmond, Va., and to issue first mortgage gold bonds, and to pledge a part of same as security

SECURITIES—Continued.

for a loan from the United States, and the remainder as security for a note to said First National Bank, granted. Notes and Bonds of Virginia Southern R. R., 769.

Wabash Ry. Co., authority for the exchange of convertible preferred stock for profit-sharing preferred stock and common stock, pursuant to the provisions of applicant's certificate of incorporation, granted. Wabash Ry. Exchange of Convertible Stock, 198.

Washington County R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588.

Western Maryland Ry. Co.:

Authority to issue secured gold notes and first and refunding mortgage bonds as collateral security for secured gold notes and convertible therefor, granted. Note and Bond Issue of Western Maryland Ry., 83.

Authority to issue first and refunding mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge same with the Secretary of the Treasury as security for loans, granted. Bonds of Western Maryland Ry., 633.

Authority to issue marine-equipment gold notes under a certain proposed agreement of conditional sale, and to sell the same at not less than par and accrued interest, for purpose of obtaining funds to cover the construction and delivery of a steel car float, granted. Notes of Western Maryland Ry., 717.

Wheeling, Pittsburgh & Baltimore R. R. Co., a subsidiary of the Baltimore & Ohio R. R. Co., authorized to issue and deliver certain bonds to that carrier in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R., 588; 720.

Wisconsin & Northern R. R. Co., authority to issue first-mortgage gold bonds in accordance with the terms of a certain mortgage and to sell said bonds, the proceeds to be used for purpose of paying for rail and track fastenings, ties, and other proper capital charges, granted. Bonds of Wisconsin & Northern R. R., 691.

Zanesville & Western Ry. Co., authority to issue promissory notes, the proceeds to be used for additions and betterments to way and structures, granted. Note of Zanesville & Western Ry., 559.

SECURITY.

In General: In determining the value of security offered for a loan from the United States, the prospective earning power of the applicant is the controlling factor. Maxton, Alma & Southbound R. R. Loan, 302 (303); Electric Short Line Ry. Loan, 342 (343).

Baltimore & Ohio R. R. Co.:

Authority to nominally issue and hold in its treasury refunding and general mortgage bonds; to issue and pledge certain refunding gold bonds as additional collateral security to its refunding and general mortgage bonds; and to issue and pledge certain first mortgage gold bonds as additional collateral security for certain refunding gold bonds, granted. Bonds of Baltimore & Ohio R. R., 588.

Authority to issue conditional sale purchase notes in conditional purchase of equipment under the terms of a contract entered into, pursuant to a certain equipment trust, conditional sale basis; to assume liability as guarantor in respect of an obligation to the United States for a loan on account of said equipment; and to pledge re-

SECURITY—Continued.**Baltimore & Ohio R. R. Co.—Continued.**

funding and general mortgage bonds as security in part for the performance of obligations under said equipment trust, granted. Bonds of Baltimore & Ohio R. R., 599.

Authority to issue refunding and general mortgage bonds, and to exchange the same for an equivalent amount of refunding and general mortgage bonds; and to pledge refunding and general mortgage bonds with the Director General of Railroads as security to fund balance due to the United States growing out of the operation of its property during federal control, granted. Bonds of Baltimore & Ohio R. R., 704.

Bangor & Aroostook R. R. Co., authority to execute and deliver a certain agreement, and agreement of lease, and to obligate itself to pay prior-lien and deferred-lien equipment-trust certificates and attached dividend warrants, toward the procurement of certain equipment; for the sale of said prior-lien certificates and the application of the proceeds toward the purchase of certain equipment; and to pledge said deferred-lien certificates, together with certain bonds, with the Secretary of the Treasury for a loan, granted. Equipment Trust of Bangor & Aroostook R. R., 628.

Central of Georgia Ry. Co., authority to procure authentication and delivery of refunding and general mortgage bonds, under and pursuant to a certain mortgage, and / or to pledge or repledge from time to time, part or all of said bonds, when, and as necessary, as security in whole or in part, for advances or loans, or for notes, the issue of which is required to be reported to the Commission in certificates of notification, granted. Bonds of Central of Georgia Ry., 697.

Chesapeake & Ohio Ry. Co., authority to procure the authentication and delivery by the corporate trustees of first lien and improvement mortgage bonds, and to pledge part of said bonds, together with others now held in applicant's treasury, as part security for a loan from the United States, granted. Bonds of Chesapeake & Ohio Ry., 613.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to issue promissory notes, payable for a loan, the proceeds to be used in procurement of new equipment, and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; to issue refunding and improvement mortgage bonds, and to pledge same as security; and to assume obligations and liabilities as indorser and guarantor in respect of a certain note, granted. Bonds of Cleveland, Cincinnati, Chicago & St. Louis Ry., 549.

Delaware & Hudson Co., authority for the issue of first and refunding mortgage gold bonds in accordance with the terms of a certain mortgage; to pledge part of these bonds with the Secretary of the Treasury as security for a loan; and to hold the remainder in the treasury of the applicant available for disposal as may hereafter be authorized, granted. Delaware & Hudson Bonds, 847.

Electric Short Line Ry. Co., application for loan to aid applicant in providing additional equipment and in making additions and betterments to existing equipment and way and structures, denied. Applicant has been operating at a deficit and the prospective earning power and character and value of security offered do not afford reasonable protection or assurance of ability to repay. Electric Short Line Ry. Loan, 842.

SECURITY—Continued.

- Fort Smith & Western R. R. Co., authority for the issue of receiver's certificates; and to pledge same with the Secretary of the Treasury as security for a loan, granted. Ft. Smith & Western Certificate, 458.
- Great Northern Ry. Co., upon supplemental report, authority granted to modify collateral security to be offered for loan to meet maturing indebtedness and to provide equipment and other additions and betterments, approved in former reports, 56 I. C. C., 78 and 189. Great Northern Ry. Loan, 258.
- Gulf, Mobile & Northern R. R. Co., authority to issue first-mortgage gold bonds, under the terms of a certain proposed mortgage; to pledge and repledge part thereof as security for promissory notes to be given in renewal of certain outstanding bank loans; part with the Secretary of the Treasury as security for a loan from the United States; part as security for an indebtedness to the United States to be funded by the Director General; and to hold part thereof in the applicant's treasury, to be pledged from time to time to secure short-term notes, for the issue of which the authority of the Commission is not required, granted. Gulf, Mobile & Northern Bonds, 390.
- Indiana Harbor Belt R. R. Co., authority to issue general-mortgage bonds and to pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Bonds of Indiana Harbor Belt R. R. Co., 784.
- Kansas City, Mexico & Orient R. R. Co., authority to issue a receiver's certificate and to pledge same with the Secretary of the Treasury as security for a loan from the United States, granted. Kansas City, Mexico & Orient's Certificate Issue, 283.
- Louisville & Jeffersonville Bridge & R. R. Co., authority to issue first-mortgage gold bonds and to pledge same with the Secretary of the Treasury as security for a loan, granted. Bonds of Louisville & Jeffersonville Bridge R. R., 761.
- Maine Central R. R. Co., authority granted to issue first and refunding mortgage gold bonds; to pledge part of same with the Secretary of the Treasury as security for loans from the United States; part as security for a loan for the financing of certain acquisitions of equipment, additions, and betterments; and part as security for a loan to redeem certain maturing bonds. Maine Central R. R. Bonds, 304.
- Maxton, Alma & Southbound R. R. Co., application for loan to enable applicant to exercise an option for purchase of leased rail and to meet maturing indebtedness, denied. Public necessity for applicant's line is relatively small and prospective earning power and character and value of security offered not such as to afford reasonable protection or assurance of ability to repay. Maxton, Alma & Southbound Loan, 362.
- Michigan Central R. R. Co., authority to issue promissory notes for a loan, the proceeds to be used in procurement of new equipment and for additions and betterments to existing equipment; to issue one promissory note, the proceeds to be used for additions and betterments to way and structures; and to issue refunding and improvement mortgage bonds and pledge same as security for the last-named note, granted. Bonds of Michigan Central R. R., 544.
- New Orleans, Texas & Mexico Ry. Co., authority to issue promissory notes, to execute an agreement for the purchase of locomotives from the War Department, to issue first-mortgage gold bonds and pledge same with the Secretary of the Treasury as security for a loan; and to issue

SECURITY—Continued.

noncumulative income bonds, and approval given for the delivery of voting-trust certificates representing equal amount of capital stock, to comply with the plan and agreement of reorganization under which applicant was organized, granted. Bonds of New Orleans, Texas & Mexico Ry. Co., 682.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds; and to pledge same with the Secretary of the Treasury as security, in part, for a loan; to assume obligations and liabilities in respect of payment of principal and dividends of equipment-trust gold certificates; and to pledge same with the Secretary of the Treasury as security, in part, for a loan; and to assume obligations and liabilities as indorser and guarantor in respect of payment of principal and interest of promissory notes to be issued by subsidiary companies; and to pledge said notes with the Secretary of the Treasury as security, in part, for a loan, granted. Bonds of New York Central, 584.

New York, New Haven & Hartford R. R. Co.:

Authority to issue promissory notes, the proceeds thereof to be used to reimburse applicant's treasury for moneys advanced to obtain equipment under proposed equipment trust agreement, and to issue and pledge equipment-trust notes to be pledged as security for said promissory notes and for a loan from the United States, granted. New York, New Haven & Hartford Notes, 289.

Authority to issue first and refunding mortgage gold bonds and to pledge all or part of same as security for note or notes to be issued by applicant; and to issue first and refunding mortgage gold bonds and pledge all or part of same as security for a loan or loans from the United States, granted. New York, New Haven & Hartford Bonds, 308.

Pensacola, Mobile & New Orleans Ry. Co., application for loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Gulf Ports Terminal Ry. Loan, 421.

Peoria & Pekin Union Ry. Co., authority to extend the time of maturity of first-mortgage and income or second-mortgage bonds; to increase the rates of interest thereon; and to pledge the whole or any part of said bonds with the United States as security for the payment of any loan or loans that may be made to it, granted. Bonds of Peoria & Pekin Union Ry., 809.

Southern Ry. Co., authority to issue development and general mortgage bonds, and to pledge the same with the Secretary of the Treasury as security in part for a loan from the United States, granted. Bonds of Southern Ry. Co., 616.

Virginia Southern R. R. Co., authority to issue promissory notes payable to the order of the First National Bank of Richmond, Va., and to issue first mortgage gold bonds, and to pledge a part of same as security for a loan from the United States, and the remainder as security for a note to said First National Bank, granted. Notes and Bonds of Virginia Southern R. R., 769.

SECURITY—Continued.

Western Maryland Ry. Co., authority to issue first and refunding mortgage gold bonds, in accordance with the terms of a certain mortgage, and to pledge same with the Secretary of the Treasury as security for loans, granted. Bonds of Western Maryland Ry., 633.

SECURITY HOLDERS.

Kansas City, Mexico & Orient R. R. Co., clearing title by the discharge of receiver's certificates and the payment of fixed charges would be of great benefit to the security holders, but it is not apparent that the failure to do these things should or would prevent the proper service to the public which the road is now capable of giving. Kansas City, Mexico & Orient R. R. Loan, 86 (42).

SETTLEMENT. *See* FINAL SETTLEMENT.SHOPS. *See also* WAY AND STRUCTURES.

Chicago, Indianapolis & Louisville Ry. Co., application for a loan to erect a modern steel-car repair shop, granted. Chicago, Indianapolis & Louisville Loan, 298.

SHORTAGE OF EQUIPMENT.

The bare statement of fact that an operating carrier has insufficient equipment to handle the traffic can not be taken as establishing that the services of another carrier are necessary. Certificate of Coon Bayou & Arkansas City Ry., 701.

SHORT LINES.

In General:

Appropriation from revolving fund for loans to short line railroads fixed at \$12,000,000. Principles to be Observed in Recommending Loans 12 (14).

It was apparently recognized by the Congress that short line railroads, although relinquished from federal control, were nevertheless affected in their operation and earnings by reason of their connection or competition with roads under federal operation, and in the enactment of the transportation act, 1920, provision was made in section 204 for reimbursement of such short lines as had suffered deficits in railway operating income while under private operation, during federal control. St. Joseph Belt Ry. Certificate, 448 (447).

Atlanta & St. Andrews Bay Ry. Co., which connected with a carrier under federal control, and sustained a deficit while under private operation in the federal control period, found subject to section 204 of the transportation act, 1920, and final settlement made. Final Settlement with Atlanta & St. Andrews Bay Ry., 628.

Fourche River Valley & Indian Territory Ry. Co., which connected with a carrier under federal control, and sustained a deficit while under private operation in the federal control period, found subject to section 204 of the transportation act, 1920, and final settlement made. Final Settlement with Fourche River Valley & Indian Territory Ry., 708.

Gulf Ports Terminal Ry. Co., found not to be a common carrier subject to the interstate commerce act and therefore not entitled to a loan under the provisions of the transportation act, 1920. Gulf Ports Terminal Ry. Loan, 421 (423).

Little Cottonwood Transportation Co., which connected with a carrier under federal control, and sustained a deficit while under private operation in the federal control period, found subject to section 204 of the transportation act, 1920, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

SHORT LINES—Continued.

Monson R. R. Co., which connected with a carrier under federal control, and sustained a deficit while under private operation in the federal control period, found subject to section 204 of the transportation act, 1920, and final settlement made. Settlement with Monson R. R., 781.

Pensacola, Mobile & New Orleans Ry. Co.:

Application for loan for purposes of meeting expenditures for labor and materials to be used in completing a new line, replacements and repairs to constructed lines, and the purchase of equipment and other betterments for the constructed lines, denied. Prospective earning power and character and value of security offered not such as to furnish reasonable assurance of ability to repay. Gulf Ports Terminal Ry. Loan, 421.

Found to be a common carrier subject to the interstate commerce act. *O. N. O. & T. P. Ry. v. I. O. Co.*, 162 U. S., 184, and other cases cited. *Id.* (428).

St. Joseph Belt Ry., found not to have been under private operation, within the meaning of section 204 of the transportation act, 1920, during any portion of the federal control period. Section 14 of the federal control act set a general limit upon federal control and named three methods by which such control might be earlier terminated and none of these processes were employed. St. Joseph Belt Ry. Certificate, 443.

SHORT TERM NOTES. See Notes.**SINKING FUND.**

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Bonds of Cincinnati, New Orleans & Texas Pacific Ry., 581.

STERLING BONDS. See Bonds.**STOCKS.**

Atchison, Topeka & Santa Fe Ry. Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with terms of a certain indenture, granted. Stock Issue of Atchison, Topeka & Santa Fe Ry., 76.

Chesapeake & Ohio Ry. Co., authority to issue from time to time common capital stock, and to exchange said stock for convertible secured gold bonds at certain specified rates, granted. Bonds of Chesapeake & Ohio Ry., 748.

Kansas, Oklahoma & Gulf Ry. Co., authority to issue cumulative income bonds, to be issued under and secured by a certain mortgage and deed of trust; to issue preferred capital stock; to issue common capital stock; and to issue equipment-trust notes in procurement of equipment, granted. Notes of Kansas, Oklahoma & Gulf Ry., 672.

Lehigh & Hudson River Ry. Co., authority to issue and sell additional capital stock at not less than par, the proceeds to be used to retire bonds issued under a certain mortgage; and others under a certain trust agreement, granted. Retirement of Bonds by Lehigh & Hudson River Ry., 520.

Norfolk & Western Ry. Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal

STOCKS—Continued.

amount in par value of convertible gold bonds in accordance with terms of certain indentures, granted. Norfolk & Western's Issuance of Stock, 68.

Pittsburgh & West Virginia Ry. Co., acquisition of control of the West Side Belt R. R. Co., by purchase of its capital stock, approved and authorized. Pittsburgh & W. Va. Ry. Control of W. S. B. R. R., 124.

Southern Pacific Co., authority to issue common capital stock in exchange for and against the surrender and cancellation of an equal amount in par value of convertible gold bonds in accordance with the terms of a certain trust indenture, granted. Southern Pacific's Issuance of Stock, 18.

Wabash Ry. Co., authority for the exchange of convertible preferred stock for profit-sharing preferred stock and common stock, pursuant to the provisions of applicant's certificate of incorporation, granted.

Wabash Ry. Exchange of Convertible Stock, 199.

STRUCTURES. See WAY AND STRUCTURES.

SUBSIDIARIES.

Baltimore & Ohio R. R. Co., authority granted to subsidiaries to issue and deliver their bonds to, in payment for additions, improvements, and betterments. Bonds of Baltimore & Ohio R. R. 588; 730.

SUPPLEMENTAL REPORT.

Ann Arbor R. R. Co.:

Upon supplemental report, application for a loan to meet maturing indebtedness, granted. Former report 65 I. C. C., 90. Loan to Ann Arbor R. R., 525.

Upon supplemental report, application for a loan to aid in providing additions and betterments to way and structures, granted in part. Former reports 65 I. C. C., 90, 525, and 600. Loan to Ann Arbor R. R., 693.

Baltimore & Ohio R. R. Co., upon supplemental report, application for a loan to aid in the purchase of locomotives and freight equipment, granted in part. Former report 65 I. C. C., 284. Loan to Baltimore & Ohio R. R., 575.

Carolina, Clinchfield & Ohio Ry. Co., upon supplemental report, additional loan made to meet maturing indebtedness, due to carrier's inability to finance and meet the terms and conditions precedent to granting of a loan in former report, 65 I. C. C., 28. Loan to Carolina, Clinchfield & Ohio Ry., 251.

Central of Georgia Ry. Co., upon supplemental report, application for a loan to aid in the purchase of new locomotives, granted. Former report 65 I. C. C., 72. Loan to Central of Georgia Ry., 619; 783.

Central Vermont Ry. Co., upon supplemental report, authority to issue refunding mortgage gold bonds to pay and satisfy in full an equal amount of indebtedness to the Grand Trunk Ry. Co., of Canada, granted. Former report 65 I. C. C., 126. Bonds of Central Vermont Ry., 478.

Chicago Great Western R. R. Co.:

Upon supplemental application, former findings modified and loan for the purchase of freight locomotives granted. Certificate in 65 I. C. C., 157, canceled. Former report, 65 I. C. C., 100. Chicago Great Western Loan, 241.

Upon supplemental report, application for a loan to aid in meeting maturing indebtedness, granted in part. Former reports 65 I. C. C., 100, 157, and 241. Chicago Great Western Loan, 433.

SUPPLEMENTAL REPORT—Continued.**Chicago Great Western R. R. Co.—Continued.**

Upon supplemental report, application for a loan to provide additions and betterments to existing equipment and ways and structures, granted in part. Former reports 56 I. C. C., 100, 157, 241, and 433. Loan to Chicago Great Western R. R., 486; 529.

Chicago, Rock Island & Pacific Ry. Co., upon supplemental report, application for a loan to provide additions and betterments to existing equipment and way and structures, granted in part. Former report 65 I. C. C., 224. Chicago, Rock Island & Pacific Loan, 371; 431.

Chicago, Indianapolis & Louisville Ry. Co., upon supplemental report application for a loan to aid in the purchase of new locomotives, granted. Former report 65 I. C. C., 298. Loan to Chicago, Indianapolis & Louisville Ry., 606.

Delaware & Hudson Co., upon supplemental report, application for a loan to provide additions and betterments by eliminating a tunnel and building two new yards, granted in part. Former report 65 I. C. C., 96. Loan to Delaware & Hudson Co., 332.

Great Northern Ry. Co., upon supplemental report, authority to modify collateral security to be offered for a loan to meet maturing indebtedness and to provide equipment and other additions and betterments, approved in former reports, 56 I. C. C., 78 and 189, granted. Great Northern Ry. Loan, 258.

Illinois Central R. R. Co., upon supplemental application original finding in 65 I. C. C., 51, modified and loan to provide new train equipment, approved. Loan to Illinois Central R. R., 209.

Kansas City, Mexico & Orient R. R. Co., upon reconsideration particularly of the supplemental application and the decree of the court upon which it is based, loan to meet maturing indebtedness consisting of receiver's certificates, granted. Former report 65 I. C. C., 36. Kansas City, Mexico & Orient R. R. Loan, 265.

Maine Central R. R. Co., upon supplemental report, application for a loan to meet maturing indebtedness, granted. Former report 65 I. C. C., 203. Loan to Maine Central R. R., 244; 640.

Missouri Pacific R. R. Co., upon supplemental report, application for a loan to aid in the purchase of new locomotives, granted. Former report 65 I. C. C., 272. Loan to Missouri Pacific R. R. Co., 643.

Salt Lake & Utah R. R. Co., upon supplemental report, application for a loan to meet its maturing indebtedness and provide itself with additions and betterments, granted. Former report 65 I. C. C., 8. Salt Lake & Utah R. R. Loan, 55.

Western Maryland Ry. Co., upon supplemental report, application for a loan to make additions and betterments to way and structures, granted in part. Former report 65 I. C. C., 86. Loan to Western Maryland Ry., 664.

Wheeling & Lake Erie Ry. Co., upon supplemental report, application for a loan to meet maturing indebtedness, granted. Former reports, 65 I. C. C., 217, 278 and 281. Wheeling & Lake Erie Loan, 394.

SWITCHING LOCOMOTIVES. *See* **LOCOMOTIVES.**

TERMINATION OF FEDERAL CONTROL. *See* **RELINQUISHMENT FROM FEDERAL CONTROL.**

TITLE. *See* **CLEARING TITLE.**

TRAFFIC BALANCES.

Atlanta & St. Andrews Bay Ry. Co., amount payable to, under the provisions of section 204 of the transportation act, 1920, in reimbursement of deficit during federal control ascertained, from which no amount is deductible on account of traffic balances and other indebtedness due the President (as operator of the transportation systems under federal control). Final Settlement with Atlanta & St. Andrews Bay Ry. Co., 628.

Baltimore & Ohio R. R. Co., authority to issue refunding and general mortgage bonds, and to exchange the same for an equivalent amount of refunding and general mortgage bonds; and to pledge refunding and general mortgage bonds with the Director General of Railroads as security to fund balance due to the United States growing out of the operation of its property during federal control, granted. Bonds of Baltimore & Ohio R. R., 704.

Fourche River Valley & Indian Territory Ry. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Fourche River Valley & Indian Territory Ry., 708.

Little Cottonwood Transportation Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Final Settlement with Little Cottonwood Co., 189.

Monson R. R. Co., amount payable to, in reimbursement of deficits during federal control ascertained, from which there is deductible a certain amount due to the President on account of traffic balances and other indebtedness, and final settlement made. Settlement with Monson R. R., 781.

Norfolk Southern R. R. Co., amount necessary to make good the guaranty under section 209 of the transportation act, 1920, ascertained and final settlement made by deducting therefrom amount heretofore certified for payment as advances under that section. Settlement with Norfolk Southern R. R., 798.

TRANSITION PERIOD.

A loan can not be recommended where a company now owns more equipment than is required by the transportation needs which it now serves, and more than will be required by any increased traffic reasonably to be expected during the transition period following the termination of federal control. Kansas City, Mexico & Orient R. R. Loan, 86 (42).

It was undoubtedly the legislative intent that the railroads should be enabled, through loans made under section 210 of the transportation act, 1920, expeditiously to move the commerce of the country, to meet maturing capital obligations and otherwise properly to serve the public during the transition period of two years immediately following the termination of federal control. Applications for Loans, 407 (408).

UNSECURED NOTES. See Notes.**WAGES.**

Richmond, Fredericksburg & Potomac R. R. Co., authority to indorse and negotiate demand notes of the Richmond Terminal Ry. Co., the proceeds to be used for payment in part of back pay due employees under award of the Railroad Labor Board, granted. Notes of Richmond, Fredericksburg & Potomac R. R., 215.

